THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. XIII. No. 16. APRIL 16, 1926. PRICE 1S. WEEKLY

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Editorial Offices :

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Telephone: *Gerrard* 1396.

Subscription Rates (Post free, home or abroad)

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6 Months – £1 : 7 : 6

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THE
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Vol. XIII. No. 16. April 16, 1926 Price 1s. Weekly

SPECIAL ARTICLES

GERMAN BUSINESS AND FINANCE UNDER THE DAWES PLAN.*

By Benjamin M. Anderson, Jr., Ph.D.,
Economist of the Chase National Bank of the City of New York.

Viewing the present business situation in Germany without knowledge of the causes which have produced it, one would find a discouraging picture. Business is depressed, unemployment is great, and bankruptcies are numerous. The picture is definitely encouraging, however, when one understands that Germany has just been through an acute financial crisis which culminated in the autumn of 1925, and has passed through it in orderly, disciplined fashion. The present picture of German business reminds one of the picture of American business in the middle of 1921. Depression with us was very acute and unemployment was very great. Business confidence was low, but financial fears had already been much alleviated. Uncertainty had largely given place to certainty so far as the credit structure was concerned. The worst was known and the process of rebuilding on sure foundations had already begun.

The German crisis of 1925 represents a readjustment of German industry and finance to the new situation created by the stabilisation of currency and the inauguration of the Dawes Plan, following a prolonged disorder in currency and finance. The inauguration of the Dawes Plan worked wonders in German economic life. In the midst of the crisis in the fall of 1925, and even in the midst of the current depression, conditions of life in Germany have been very much better than they were two or three years ago. There is a great deal of gloom and psychological depression, but it is not comparable with the hopelessness which characterised German thought and feeling in 1923.

German banking opinion, while not free from anxiety about many particular phases of the situation, appears to be calmly confident of the outcome of the general situation. The bankers of Germany were much less worried in the midst of the crisis in early November 1925 than they had been a few months earlier. They saw through the trouble, understood the causes that had produced it, felt that they understood the extent of the weaknesses, and that they could see through the crisis and the ensuing depression to better times. Conditions at the present time represent pretty much what the best students of German business expected last autumn. The typical phenomena of crisis and depression have taken place. The intensity of the financial stress has relaxed. Money rates have gone down sharply. Financial pressure in the Bourse has relaxed, and securities have moved upward. Simultaneously unemployment has increased and trade has slowed down sharply, but these things always happen following a crisis. The verdict as to the duration of the depression will rest, not on the surface phenomena, but rather on the question of whether the causes that begot the crisis have been largely eliminated in the course of it. From this point of view the German situation is definitely encouraging.

* From *The Chase Economic Bulletin*, Vol. VI., No. 1.

Causes of the German Crisis of 1925.

Outside of Germany there was not a great deal of understanding of the course of German business during 1925. Inside Germany, however, there was an extraordinary clarity of understanding as to what was taking place. The German bankers, the Reichsbank, and the officers connected with the administration of the Dawes Plan, including the Agent General for Reparation Payments, have all had a clear understanding of the matter, have watched it develop, have seen their forecasts verified, and have been able to make the necessary adjustments to meet the situation. In this clear understanding of the situation on the part of the people most concerned with it is to be found one of the most encouraging aspects of the problem.*

Following currency stabilisation and the inauguration of the Dawes Plan, German industry and finance had to reckon with an unusual number of unknown quantities. The chaotic conditions of the several years preceding had left very few dependable landmarks on the basis of which economic reckoning could proceed. Assumptions had to be made, guesses had to be made, and, necessarily, many erroneous assumptions had to be made. The advance estimates of the revenues to be derived from various forms of taxation, for example, is something which, in pre-war days, German tax experts could make with a very narrow margin of error. The same problem in 1924, however, was much more difficult and baffling. In a tranquil industrial situation every business man will have tabulated experience, on the basis of which he can estimate his costs, markets, prices, and profits. The chaos which had preceded 1924 left few German industries in this fortunate position.

During the period when the mark was sinking rapidly in value, very many German industrialists, and even the German banks, built a great deal of plant as a means of saving their capital. They built this plant not to meet definitely calculable market demands for expansion, but rather as a desperate speculative resource. It was better to build plant which might depreciate fifty per cent. than to hold marks which might go to zero. In 1924 Germany found herself with a vast deal of idle plant and equipment. The future might or might not validate the investment in plant and equipment in any given case.† Some of it was well adapted to the market demands which developed in the succeeding months, some of it was partially adapted, some of it has not yet

* Acknowledgment is made to many German bankers for information and interpretation. Two very remarkable documents should be especially referred to: (1) The address before the German Bankers' Association in Berlin, September 15, 1925, by Dr. Oscar Wassermann, Director of the Deutsche Bank in Berlin (English edition issued by the Deutsche Bank), and (2) the report of the Agent General for Reparation Payments, Mr. S. Parker Gilbert, November 30, 1925. Responsibility for views expressed in the present Bulletin rests with the writer, and not with the gentlemen mentioned, unless specific reference is made to their views.

† Dr. Oscar Wassermann, of the Deutsche Bank, in his address before the German Bankers' Association on September 15, 1925, says: "As to the premises of the banks, the bank-palaces, to which reference is so often made and the value of which is estimated so high—I will not examine whether their erection and internal outfit was necessary, or even appropriate—but there they are, and their maintenance means no profits but is only a burden."

been used. Some of it was used for purposes which later turned out to be unprofitable, and it would have been better if this plant had been left entirely unused. Only experience, in many cases, could determine whether much of the plant and equipment created in the pre-Dawes period represented real assets or merely white elephants. There were grave uncertainties, too, as to the foreign markets. Some apparently reasonable expectations existed in 1924 which have later been disappointed. In other cases unexpected markets developed for certain types of German products. But in all cases the calculations and plans which had to be made in 1924 rested on much less adequate data than would have existed had Germany not been through several years of chaos.

Germany in 1924 was desperately short of working capital. Adequate, and even more than adequate, plant and equipment existed, but current stocks of goods were very low, and cash and credit with which a manufacturer might purchase raw materials, pay wages, and carry "work in process" were desperately short. It is bad enough for a business man to face uncertainty in any case, but when he must do it with inadequate working capital the difficulties multiply manyfold.

It could have been predicted, therefore, in 1924 that Germany after a comparatively short experience under the new régime would find many hopes disappointed and many expectations unrealised. Some of the anticipated difficulties would prove to be unimportant, and some of the apparently favourable circumstances would prove to be disappointing. It could have been predicted with special certainty that many of the smaller and least adequately financed enterprises would run upon the rocks. There had come to Germany from the German parts of Poland, and from Alsace-Lorraine, a good many German business men who brought with them inadequate capital, but a desire to continue to make a living as middlemen and business enterprisers rather than as workmen. These men undertook in Germany a multitude of petty businesses, frequently retail merchandising, with inadequate capital and in places where more than sufficient retail establishments already existed. The love of city life brought many from the rural regions to the city who, with inadequate capital and experience, undertook merchandising operations. Dr. Wassermann gives figures for the number of tobacco dealers. In 1907 there were in Germany 29,487 such dealers shown by the census. In 1920 there were 347,000, and in 1924 there were 412,000. Dr. Wassermann says: "It may, I believe, be assumed that, even if the figure relating to 1907 does not, at least the number of tobacco dealers in 1920 would suffice completely to satisfy the present day demand." Whatever the general course of German economic life, it could have been confidently predicted in 1924 that large numbers of the smaller inadequately financed establishments would necessarily go under with the shaking-down and re-equilibration of German economic life.

In a large way, it may be said that the crisis of 1925 in Germany represents the process of bringing the hopes, the expectations, and the plans of 1924 into harmony with the facts. Where in 1924 there was guess-work, early 1926 sees verified experience. The next upward move in German industry will rest on a far sounder foundation of accurately calculated plans, and may be expected to last much longer and to go much further. Viewed in the light of the difficulties that Germany has had to face, the present situation gives ground for congratulation rather than discouragement. That so much should have been accomplished in 1924–25, and that the crisis of 1925 should have been gone through without a panic, is evidence of the inherent soundness of the German situation, of the discipline of the German people, and of the sagacity of Germany's financial and industrial leaders.

The major causes of the crisis in 1925 may be set down as follows:—

1. The greatest factor of all was the extraordinary effectiveness of the taxation inaugurated after the Dawes Plan was set up. The German people apparently determined that whatever else might or might not be done, they would balance their Budget, and they inaugurated a system of taxation with a ruthlessness and efficiency probably unmatched in history. The resulting revenues ran far beyond expectations, and far beyond needs. The Reich, the States, and the municipalities all had too much money. Business, on the other hand, was bleeding from over-taxation. There is good opinion for the view that part of the taxation at the beginning was on estimates of what future income ought to be rather than on realised income, and that taxation in 1924, especially, amounted in many cases to taking away capital rather than income. This factor of the situation is being corrected. German taxes are in process of being reduced—cautiously, and with grave concern lest the reduction be too great.

2. It was bad enough to take too much money away from business by taxation, but if the governing bodies had put their surplus back into the commercial banks the situation would have been much more manageable. Business could have borrowed working capital again from the banks even at high rates. But the funds were put into Government-controlled banking institutions. There are very many such institutions in Germany, some under the control of the Reich itself, some under the control of the States, and some under the municipalities. Definite figures are unobtainable, but there is good authority for the view that one-third or more of all bank deposits in Germany are in public banks. These institutions take private deposits, but it is probable that public deposits make up the major part of the funds at their disposal.

The use made of these funds by the public institutions is a point on which definite data are not available. For the most part, however, they appear to have used their funds in the most conservative manner possible, appreciating that the public surpluses were temporary, and that, therefore, the institutions holding them must keep them highly liquid. They have, therefore, largely limited themselves to the purchase of prime bills of exchange, to "discounts" rather than to "advances" of the sort which German banks commonly make to depositing customers. The result has been a relative excess of funds in the short-term money market, and an appalling scarcity of funds available for the slower, longer advances which a business man might employ in supplementing his working capital.

3. A further handicap for business in the view of a good many German authorities grew out of German State and municipal loans that have been floated abroad, chiefly in the United States. The governing bodies already had too much money. These loans gave them more. They were able to outbid business for labour and supplies. They thus raised the cost of general industry, the more as municipal officials, for political reasons, often wished to be generous to labour, and were not as sagacious or prudent as business men would be in their purchases of supplies. This is regarded by many in Germany as a handicap to the export industries. Other German authorities, while admitting that the export trade was handicapped, still contend that the general business situation was not affected because the municipalities made trade good in the lines where they were buying—construction materials and the like. The present writer, though agreeing with the view of Dr. Schacht,* of the Reichsbank, and others that, while as far as possible Germany's foreign borrowings should be industrial and commercial borrowings rather than political borrowings, and though agreeing that the State and municipal loans did tend to intensify the unbalance between business and government, and increase the proportion of resources in the hands of the governing authorities, none the less inclines to the view that the State and municipal loans were not a major element in bringing about the crisis.

* The Reichsbank has given highly intelligent study to the problem of German financial equilibrium, and its influence on the situation has been most wholesome.

4. The export trade, especially in steel and iron, was handicapped not only by foreign tariffs, but also by the abnormal competition of French and Belgian iron and steel, where the sinking of the franc constituted a temporary premium on exportation.

5. There has been a great excess of business enterprisers—too many traders and petty merchants in proportion to the amount of production. One German banker has referred to the crisis of 1925 as "a purifying crisis" which will clear away many of the unneeded traders and much of the unneeded overhead expense. After the crisis there will probably be a higher proportion of labourers and a lower proportion of enterprisers and managers in Germany.

The German Money Market.

The last few years in Germany have seen extraordinarily high money rates. During the latter part of the period when the mark was falling so rapidly, rates of interest rose to fantastic heights in the effort of borrowers to recoup in interest rates part of their shrinking capital. During the period when the mark was sinking most rapidly, moreover, working capital largely disappeared in Germany. Men sought to invest their marks in forms which would save the value even at the expense of liquidity, and real estate, plant, and machinery were invested in to an incredible extent. A very high percentage of German businesses in early 1924 had altogether too much of their capital in this form. Other circumstances contributed to a shortage of working capital in 1924. Many German business men had engaged in a very ill-advised speculation against the franc following the invasion of the Ruhr, and with the rapid and violent recovery of the franc which followed the $100,000,000 credit extended by American banks to the Bank of France the losses on the part of many in Germany, Austria, and other continental countries were great. The extent of these losses it is impossible to measure, but the view has been widely held that they contributed in no small measure to the shortage of working capital in Germany in the period that followed.

Interest rates in Germany were very high in the early period of stabilisation under the Rentenmark preceding the inauguration of the Dawes Plan. Rates of 5 per cent. a month on advances by banks to customers were said not to be at all uncommon. Rates on customers' advances are not usually published in systematic tables. Through much of 1925 these rates were rarely under 14 per cent., though an agreed "normal rate" of 13.4 per cent. was established in the autumn of 1925. The latest information is that in early March of 1926 they had eased off to 11.5 per cent. The following table contains the more commonly published rates :—

Money Rates in Berlin. (*a*)

	Call money.	30-day paper.	Reichsbank rate.	Private discount rate.
1924 monthly average—				
January ...	116.5	—	10	—
July ...	18.30	—	10	—
December	10.15	—	10	9.50
1925 monthly average—				
January ...	9.99	11.28	10	8.31
February ...	10.57	11.92	10	8.01
March ...	8.97	11.26	9 (*b*)	8.00
April ...	8.49	10.13	9	8.00
May ...	8.78	10.48	9	7.97
June ...	8.79	10.68	9	7.76
July ...	9.46	10.87	9	7.88
August ...	9.00	10.84	9	7.68
September	8.85	10.59	9	7.18
October ...	9.41	10.82	9	7.09
November...	8.49	10.65	9	6.78
December	8.20	10.29	9	6.75
1926—				
January 2	8.5 to 10	9.5 to 10.5	9	6.75
January 15	5.75 to 7	8.25	8	6.37
January 30	6.5 to 8	7.5 to 9	8	6.00
February 6	5 to 7.5	7 to 8.5	8	6.00
February 9	5 to 7	7 to 8	8	5.50
March 14 ...	5 to 6.5	7.00	8	—
March 20 ...	2 to 3	—	8	5.00

(*a*) Data for 1924 from survey of Germany's economic development during first half 1925 by Reichs-Kredit-Gesellschaft; for 1925 from *Bank-Archiv*, Berlin; for 1926, January, and February 6–9, from *Frankfurter Zeitung*; for March 14, *U.S. Commerce Reports*.

(*b*) Beginning February 26, 1925.

Rates on customers' advances in 1925 would have been higher than they were had the German banks, and, for that matter, the Reichsbank, not followed the policy of rationing the limited supply of credit. Had free competition among borrowers been allowed, rates would have run substantially above the levels that obtained. The banks in an effort to keep charges as reasonable as possible limited borrowings even on the part of very strong customers to what was absolutely necessary, so that they might have enough to go around.

In Germany itself during 1924 and 1925 the new capital in the hands of ordinary investors available for taking up domestic loans was so limited that very few such loans were attempted. The old "middle class," which had been so important a source of capital for Germany in pre-war days, was largely wiped out in the collapse of the mark. The Bourse at Frankfort, in the old days, was highly important, in view of the large body of retired capitalists centreing about that city. To-day it has little independent significance, and looks to the Berlin Bourse to initiate most of the price movements. Practically all the German securities placed were issued in foreign markets. New capital was being created chiefly by active business men—and they needed all they could get, and more, in their own enterprises.

In a normal money market there is a great deal of intercommunication among the different departments of the market. If money is abundant in any department, it tends to become easier in every department. An excess of short-term money with a scarcity of long-term investors' money can exist, but the flow of short-term money into the long-term investment market at least goes far enough to mitigate decidedly the rigours in the long-term market. If money is available for stock market purposes, it is almost certain to be available to facilitate manufacturing operations; and if money is available for merchants, it is almost certain to be available for manufacturers, assuming the credit risk good. In Germany, however, the situation has been highly abnormal, and the different departments of the money market have been largely insulated from one another. For one thing, the surplus funds of the Reich, the States, and the municipalities were deposited, not in the ordinary commercial banks, but rather in public banks, as we have seen. The proportion of the deposits of Germany held in public institutions as compared with private institutions has been variously estimated. Mr. S. Parker Gilbert, in his report of November 30, 1925, places it at one-third or more of all the banking deposits in Germany.*

Herr Fuerstenberg places it at over one-half.† The same opinion has been expressed to the writer by another able German banker. Funds placed in the public banks have gone only to a very slight extent to the financing of "work in process" by the manufacturers. With reference to this point, Dr. Oscar Wassermann, in his address before the German Bankers' Association in Berlin on September 15 last, says: "Public moneys must be safely invested, and must remain liquid; that has been the principle hitherto, and is so still with exceptions which were bad enough. What our economic structure requires is long-term credit; short-term facilities are sufficiently provided for, but they are unsuitably distributed. An increase of these funds in public hands, being exceedingly detrimental to national economy, should therefore be prevented under all circumstances. . . . These moneys being lent on short notice can be useful for the process of production to a very limited extent only. If lent out

* *Report of the Agent General for Reparation Payments*, November 30, 1925, p. 67.

† Herr Hans Fuerstenberg, Director of the Handels-Gesellschaft, Berlin, "Mobile Capital as Germany's Real Need," *The Economic World*, January 30, 1926.

cheaper, manufacturers would gain little profit by the lower rates. Such moneys chiefly benefit the discount business and trade and make it possible, in many instances, to carry stocks which would otherwise have to be disposed of."

Mr. S. Parker Gilbert makes the following statements with reference to the use of these public deposits* : "With the need for credit such as it was and continues to be in Germany, the existence of surpluses in the hands of the public authorities has invited demands from many quarters. The volume of long credit which the Reich and the States have granted is not reported ; in the main it has consisted of loans to enterprises deemed to require credit from the standpoint of public policy, or, as in the case of groups of small borrowers, from the standpoint of emergency relief. . . . But the volume of short credits has presumably been much larger. . . . In the earlier stages of the growth of the public funds there was a strong desire on the part of the lending offices to obtain as high rates of interest as possible. It was not remarkable, for this and for other reasons, that some of the loans should not have met the ordinary tests of banking judgment. Unwise lending led to losses, particularly in the portfolios of one or two of the State banks. Largely on this account the Postal Administration last March reorganised its system of deposits."

(To be continued.)

ECONOMIC CONDITIONS IN BRAZIL.

A report on the economic and financial conditions in Brazil by Mr. Ernest Hambloch, Commercial Secretary to His Majesty's Embassy, Rio de Janeiro, was recently issued by the Department of Overseas Trade.† It is dated September 1925, and may be considered as surveying a period roughly covered by the preceding twelvemonths. Summing up his general impressions of the country's economic life, Mr. Hambloch tells us that Brazil may be said to have "worried through" the period under review with "considerable success." The revolutionary movement of July 1924 was followed by various simmerings of unrest and in some case by small armed conflicts, and the situation, at the time of writing his report, was by no means normal—the government of the country being carried on under decrees of martial law in many places, including the Federal District. Nevertheless trade has adapted itself to the prevailing conditions which, in practice, have fortunately had but little direct effect on the general commercial life of the country, since, apart from occasional exceptional circumstances in Santa Catherina, Parana, Rio Grande do Sul, Matto Grosso and Goyaz, life and property have been guaranteed and commercial transactions carried on without serious interruption. This is the easier to understand and appreciate when it is remembered that politics and trade are entirely divorced from each other in Brazil, and that such troubles as exist are of a political nature only—the bulk of the population taking but little interest and no part in Brazilian politics. Certain ill-effects of the revolutionary outbreak, Mr. Hambloch reports, have been felt, especially in Sao Paulo, in the shortage of rolling-stock for the transport of goods to and from the interior, but these transport difficulties have merely been enhanced and not caused by the revolutionary movement.

The value of Brazilian imports in 1924 was £68,000,000, while the value of exports was £95,000,000. The trade balance of £27,000,000, though largely due to the exportation of coffee, is, as Mr. Hambloch remarks, an indication of economic prosperity. National industries have, during the period under review, nearly all done extremely well, though with the restriction of importation, owing to the low exchange and the high tariff, there has been an absence of adequate competition, and the consumer has had to pay very high prices for articles of Brazilian manufacture. The rise in the cost of living, due to these factors and the diminishing purchasing power of Brazilian currency, presents serious problems which will require adjustment sooner or later, and Mr. Hambloch notes as a disquieting feature the reduction in volume of most articles of exportation which should be facilitated by low exchange. Transport difficulties are no doubt the principal cause of reduced exports, while other causes enumerated by Mr. Hambloch are unscientific preparation and marketing and the system of State export taxes.

The importance of coffee production to the economic life of Brazil cannot be over-rated, it represents at the present time 75 per cent. of the total value of Brazilian exports. The position, however, reviewed as a whole, is not without cause for certain misgivings concerning the future. In view of the exceptionally high prices obtaining in local currency for coffee, the Federal Government decided that further intervention on its part was unnecessary to protect this product, and transferred the warehouses, which regulated the entries of coffee at the port of Santos, to the State Government of Sao Paulo. The latter was reported some months ago to be negotiating a loan of $35,000,000 in the United States for the continued protection of coffee. The Coffee Roasters' Association of New York were entirely favourable to the issue of a loan in America to enable the State of Sao Paulo (Permanent Institute for Coffee Defence) to carry out its programme for regulating the entries of coffee at Santos. It is stated that the following points of agreement were reached between them as a preliminary to the loan : (1) no artificial level of prices was to be maintained ; (2) the Institute's policy is to be based on the average of the crops in relation to consumption ; (3) violent fluctuations to be avoided and the market stabilised as far as possible ; (4) the minimum stock at Santos is to be 1,200,000 bags ; (5) entries at Santos shall be flexible and in accordance with demand ; and (6) the sum of $1,000,000 shall be spent in the next two years on the propaganda of coffee in the United States. However, notwithstanding these efforts, Mr. Hambloch emphasises the fact that entries of coffee at Santos will continue to be controlled, and that action in itself should suffice to prevent undue speculation in the product and give the farmer a good return for his crop. Expressions of fear of a diminishing demand, and of the growth of plantations in other countries, owing to high prices, are still heard, but it is thought that coffee prices are not unduly high in foreign currencies, and that Brazil is too completely dependent on this article of exportation for the Government ever to abandon it to the mercy of foreign speculators. During some months of 1925 there were signs of falling off in the purchases by the United States, but that, in Mr. Hambloch's opinion, may mean that less stocks are being held there, and belief in a real diminution of the consumption of coffee in Brazil's best market is not to be entertained seriously. There is room for much improvement in the Central European market which still lags far behind its pre-war demand. More active propaganda is suggested in this direction.

Protracted drought may affect the next crop and forecasts be upset, but the estimates incline to a figure round 6,500,000 bags as the total of the visible supply for June 30, 1926. With regard to the fears that have from time to time been voiced concerning the prevalence of the coffee plague, every confidence is officially expressed that this menace is being successfully overcome, and farmers themselves are of the opinion that the danger was exaggerated. The area under cultivation continues to increase and everything points to the maintenance of steady supplies.

With regard to the import trade of Brazil, Mr. Hambloch has much in his report of interest and service to the British exporter. Well worth perusal is the information he produces showing in tabular form the percentage share of Great Britain in the supply of certain

* *Report of the Agent General for Reparation Payments*, November 30, 1925, p. 62.

† H.M. Stationery Office. Price, 2s. net.

categories of goods imported into Brazil, together with her principal competitors. The following is an abbreviation of Mr. Hambloch's table :—

Class of Goods.	Gt. Britain's average share (percentage) of trade, based on total tonnage imported of each class. Per cent.	Principal competitors in order of importance.
Textiles—		
Cotton yarns and piece goods	77	France and United States
Woollen	36	France and Belgium.
Linen	77	Belgium and France.
Iron—		
Bars, plates	25	Belgium, U.S.A., Germany.
Steel—		
Bars, plates	41	U.S.A., Belgium, France, Germany.
Tinplate	88	U.S.A.
Tools and utensils ...	56	Germany, U.S.A.
Machinery, etc.—		
Locomotives	2	U.S.A. Germany, Belgium.
Cars and wagons ...	11	Belgium, U.S.A., Germany.
Spinning and weaving machinery, accessories, looms	73	Italy, Germany, Switzerland.
Industrial machinery ...	14	Germany, U.S.A., France.
Apparatus of all kinds ...	20	Germany, U.S.A.
Chemical Products—		
Aniline dyes	1	Germany, U.S.A.
Caustic soda	70	U.S.A.
Unspecified chemicals ...	31	Germany, France, U.S.A.
Electrical material and apparatus	14	Germany, U.S.A.
Miscellaneous—		
Cement	14	Germany, Denmark, Belgium.
Enamelled iron ware ..	12	Germany.
Earthenware and porcelain	57	Germany, France.
Printing paper	1	Norway, Germany, Finland, Sweden.

British goods are regarded as maintaining their high standard of excellence, but the main difficulties are those of price and of credit. Mr. Hambloch points out that it is well to remember that the Federal Government itself is the largest purchaser in Brazil of railway material and of plant for public works installations. Important contracts are often given by the various State and municipal authorities. Germany must, as the previous reports on Brazil have stated, be regarded as a serious trade rival to Great Britain in the Brazilian market. German increases of exports to Brazil are on a level with those from Great Britain in 1925. The United States and Belgium are also competitors in many branches of trade, notably in railway supplies. A semi-official statement from Washington, published locally, is to the effect that the value of exports from the United States to Brazil for the year ended June 30, 1925, was 50 per cent. higher than in the year ended June 30, 1924, and there is considered to be no reason to doubt the accuracy of the estimate. There is very little doubt but that other countries are rapidly increasing their hold on certain sections of the Brazilian market; conditions at the moment are particularly favourable to cheap articles irrespective of quality, but the market for British goods in more local areas than a few is showing signs of improvement, as may be gleaned from the trade notes from various centres which are appended to Mr. Hambloch's report, and which form, when read together, a body of profoundly interesting and instructive information.

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ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

BULGARIA

POLITICAL AND GENERAL

The Government's Economic and Financial Programme.—The following are the salient features of the statement recently made by M. Liaptchef, the Bulgarian Prime Minister, to a representative of the *Stampa* respecting the Government's programme for the economic and financial reconstruction of the country.

There are two fundamental points in the programme, namely the pacification of the country and the regulation of the grave financial situation. To restore and maintain internal tranquillity is the first essential in the settlement of the many national problems, particularly that of the refugees, who now number about two hundred thousand souls. An attempt is already being made to organise the State on equitable principles and on lines more in keeping with modern civilisation. To smooth the way an amnesty has been planned to be granted to persons undergoing sentences, with the exception of those committed for murder and those serving sentences in respect of insurrections or organising attempts at insurrection. This will apply to some 2,000 citizens, most of whom are at present abroad. The conditions are now favourable for the maintenance of internal tranquillity; the free development of the Agrarian party presents no danger to the country, but the Communist party has been dissolved on account of the revolutionary propaganda it was conducting at the instance of Moscow.

The financial problem is one of extreme difficulty for the Government. Bulgaria is the only country that has not raised any loan since the war and which has met the annuities of the pre-war debts and the very heavy charges on account of reparations solely out of its own resources. The return of 200,000 refugees to Bulgaria has also been a very great strain upon the national exchequer. The refugees are claiming the right to work on the land, for which purpose they also demand a loan of the requisite capital. But the Government does not possess the means of furnishing this assistance: the national finances are exhausted and the tributary impositions have reached a maximum figure and cannot be augmented. At the same time national expenditure has been cut down to a very minimum. The Government has not sufficient means at its disposal for the very urgent need of repairing and maintaining the rolling stock and other material of the railways, which are rapidly falling into a lamentable state of ruin. Nor can the Government find the necessary money for the numerous pressing public works and for improving the miserable salaries and wages of the various State employees, many of whom are subsisting somehow on wages that are certainly not sufficient to meet their daily needs, while some of the older pensioned employees are living in extreme privation. Whereas the paper lev now possesses a value of only one-thirtieth of the gold lev, the pensions of the former State employees have only been quadrupled.

The Government sorely needs the assistance of a foreign loan; but a loan restricted in its application to the succour of the refugees would not be sufficient to restore the economic life of the country. The charges that have been imposed on account of reparations are beyond the possibilities of the State and the

burden threatens to crush the State. Under great difficulties the country has till now paid what was at all possible. But unless a term of grace and certain relief be granted there remains little hope for the country. The national Budget has now attained its extreme limits; there is no further elasticity; what has been achieved has been the result of enormous sacrifices. There is a very heavy adverse balance of foreign trade. The country's creditors are, however, also interested in seeing Bulgaria financially and economically restored. It may be necessary to request the Allied Powers to grant a moratorium for the payment of reparations, in which case the request would probably not be refused if full consideration be given to the past and present situation and future eventualities. If a satisfactory solution be not found for all these pressing problems the country will in all probability be confronted with another crisis, possibly more serious than hitherto.

FINANCE

Agricultural, Life, Fire and Accident Insurance.—The question of agricultural insurance is a very important one for Bulgaria, on account of the exposure of the crops to frequent heavy storms and the numerous diseases that attack crops and cattle. The law of December 26, 1910, providing for insurance against the destruction of crops by storms imposed the work of insurance upon the co-operative societies. This measure, states *La Bulgarie*, did not prove very effective. During the régime of the Agrarian party the interest in this form of insurance flagged very considerably. In the year 1912 the number of farmers who availed themselves of this insurance scheme was 17,548, while 30,316 were insured in 1914, 36,339 in 1916, 12,273 in 1920, 9,467 in 1921, 7,713 in 1922, 13,548 in 1924, and 24,500 in 1925. The insurance of cattle against epizootic distempers has grown in importance since the war. The following table shows the development since 1914 in the number of mutual societies accepting this form of insurance, and the increase both in the number of members of these societies and in the number of cattle insured:—

	No. of mutual insurance societies for cattle.	No. of farmers belonging to the mutual societies.	No. of head of cattle insured.
1914 ...	34	629	2,332
1920 ...	30	850	3,012
1923 ...	43	1,047	3,296
1924 ...	64	1,644	4,605
1925 ...	200	(Figures not yet available)	

As a result of the instructive propaganda conducted by the present and the preceding Government the peasants are now beginning to realise the great advantage in belonging to these mutual insurance societies. In consequence, 350 new societies are being formed in addition to the 200 already operating in 1925.

Some interesting data on the other forms of insurance are given by M. N. Michkoff in the *Zora*. There has been considerable development during recent years in the branch of insurance against fire and accidents and also in life insurance. The exact figures for 1925 are not yet available; but in 1924 the premiums for life insurance amounted in all to 115 mill. leva, and those for insurance against fire, robbery and accidents totalled 210 mill. leva. Including the life insurance premiums, the aggregate received was 325 mill. leva. The strongest society for life insurance is the "Employees' Mutual Insurance Society," the premiums of which yielded 40 mill. leva in 1924. The "Bulgaria" is also an important society, the total premiums for 1924 amounting to 16.6 mill. leva, followed by "The Balkan Society" with 16.5 mill. leva and the "Orel Society" with 7.4 mill. leva. In regard to fire insurance the "Bulgaria" takes the leading place with total premiums of 80 mill. leva; followed by the "Zvezda" with 28.5 mill. leva, the "Balkan Society" with 20 mill. leva, the "Sokol" with 18 mill. leva, and the "Dobroudja Orient" with 13.8 mill. leva, in addition to several other societies whose total premiums amounted to lower sums.

The net revenue of all the insurance societies during the year 1924 was about 11 mill. leva, or 3 per cent. of the total premiums received. The expenditure of the 24 Bulgarian insurance societies totalled for the year 37 mill. leva, or 11 per cent. of the aggregate amount received in the form of premiums; but, including commissions and similar charges, the expenditure amounts to an equivalent of 22 per cent. of the premiums. The total share capital of all the societies amounted to 36 mill. leva, 45 mill. leva have been placed in mortgages, 65 mill. leva invested in real estate, and 28 mill. leva in various other securities.

TRADE

Swine Export Concession to a British Company.—Following numerous reports in the Balkan and Central European Press, the plan of the Bulgarian Minister of Agriculture to grant to a British concern a concession for the exclusive right to export swine from Bulgaria has aroused the active opposition of several industrial and commercial organisations in the country. Nevertheless the plan is being submitted to Parliament and it is expected that it will be duly approved. The intention is to grant to the Bulgarian Development Company Limited a twenty years concession (*a*) for the manufacture of all kinds of products derived from the pig for export purposes, (*b*) for the erection of modern refrigerators for agricultural products, and (*c*) for the establishment and maintenance of a regular steamship service, fitted with modern refrigerators, between Bulgarian and British ports. The Bulgarian Development Company is obliged to register in London with a share capital of £1,250,000 within three months of the Bill being passed by the Bulgarian Parliament. The Bulgarian Government on its part agrees to construct and maintain the required railway lines to the slaughter-houses and the cooling establishments and to place the requisite number of trucks at the disposal of the Company. The import duty on articles required by the Company will be removed, and all exported products of the Company will be likewise free from duty. The enterprise will also be exempted from all inland taxes on buildings or other possessions and will enjoy all the advantages of the law for the encouragement of home industry.

SOCIAL AND LABOUR CONDITIONS

Agrarian Reform.—The Sofia correspondent of the *Zagreber Tagblatt* gives in a recent report to his journal some useful statistics respecting the results in 1925 of the Bulgarian agrarian reform. The arrival of vast numbers of refugees has made the land question a very urgent problem, since practically all of the refugees are peasants. By December 1, 1925, a total area of 1,424,322 decares of land had been granted for colonisation purposes, of which 321,940 decares were communal land, 299,456 decares private land bought by the authorities at half its real value, 177,206 decares deserted emigrants' land, 498,394 decares land without ownership, 40,460 decares of State forests, 50,000 decares of communal forests, and 106,800 decares of State land. The Colonisation Administration hopes to add a further 750,000 decares of land by draining several small lakes and swamps, by reclaiming a certain area from the Black Sea and by cutting down some unsatisfactory woods.

The approximate area of two million decares of land must serve to accommodate some 135,000 families, of whom about 103,000 families are peasants from Bulgaria itself, the others consisting of old refugee families. But in this number are not included the vast incourse of refugee families during the past year, totalling many thousands of families. Unfortunately, the distribution of land to the refugee families is proceeding but slowly. Up to December 1 last only 3,328 refugee families had received parcels of land. The Government estimates that the extent of land assigned for colonisation will suffice to meet the needs

of the people. But the peasants also lack every kind of implements and material for carrying on agriculture even on a small scale, and it is especially to satisfy this urgent need that the international loan is required. While the land problem remains but partially solved the refugee families are migrating to the towns and there constituting a serious menace to the old workers on account of their willingness to work at lower rates, or else becoming a burden to the municipality.

ESTONIA

POLITICAL AND GENERAL

The Economic Situation.—During the eight years which have elapsed since the establishment of Estonia's independence her economic position has been gradually strengthened to such a degree that she is at present not only able to supply the greater part of the demand on the home market, but is already beginning to export considerable quantities of products, thereby raising the purchasing power of the country and stabilising the currency.

The development of trade and industry during the last five years is shown in the following statistics (in millions of dollars) :—

	Imports.	Exports.	Trade Turnover.
1921	12.4	6.3	18.7
1922	16.4	14.2	30.6
1923	27.0	16.6	43.6
1924	21.1	20.2	41.3
1925	25.95	25.98	52.0

This table shows that the trade turnover has triplicated during the past five years, and, more important still, the rapid and systematic increase in exports testifies to the development of the productivity of the country. Imports have practically doubled during this period, though the figures for the last three years show little change, from which it may be assumed that the home industry has found means to satisfy part of the demand, thus keeping in check the quantity of imported articles.

The following export figures show that the improvement in the balance of trade is due to the development of production. In 1921 715 tons of textile goods were exported : by 1925 this figure had risen to 4,088 tons. The corresponding increase in the export of paper was from 12,000 tons to 36,000 tons. In 1922 mechanically treated timber products to the value of $2.9 million were exported, while in 1925 the value of this export was $4.5 million. The export of cement shows an extraordinary increase, from 6.4 thousand metric tons in 1921 to 52.5 thousand metric tons in 1925. Some agricultural products have also experienced intensive development. In 1921 6,700 tons of flax were produced, and by 1925 this figure had risen to 15,000 tons. The number of eggs exported in 1921 was 2,000,000 and in 1925 13,000,000 were sent out of the country.

The agricultural and industrial results quoted above indicate a sound economic development, to which commercial relations and a number of trade agreements have contributed. The first of these was concluded in 1920 with England, followed in 1922 by the agreements with France and Finland. During the next year trade treaties were concluded with Hungary, Sweden and Denmark, and a provisional Customs union with Latvia and a provisional trade treaty with Germany followed. In 1924 trade treaties with America, Norway and Holland were concluded.

Apart from the fact that many factories dating from pre-war times have been reinstated, a considerable number of new factories have come into being, chiefly in connection with the leather, shoe, tobacco, match, jam, metal, chemical and textile trades.

Estonia's wealth in shale fuel is of particular importance. Not only is the fuel used already in most of the factories and on the railways, but the extraction of mineral oil from the shale begins to demand consideration and attract foreign capital. Thanks to this natural product considerable sums are brought into the country, which otherwise would go abroad in payment for fuel and oil. (*Rigasche Rundschau*, No. 49.)

The Estonian revenue returns for 1925 amounted to Emk.7,427 mill. and the expenditure to Emk.7,424.6 mill. (*see* The Economic Review, February 28). The surplus on the revenue side has thus been maintained since 1922, a state of affairs which is the more creditable when it is remembered that exceptionally large sums have been needed for the reconstruction of State and economic organisation which have been met partly by the promotion of industry, partly by the exploitation of mineral wealth, and finally by the launching of a loan at a low rate of interest for the purpose of agrarian reform, advancing credits to new proprietors, the construction of houses and schools in town and country, etc. Up to January 1, 1925, Emk.5,094.8 million have been used for this purpose, of which 2,057.8 million have already been reimbursed, a sign of the extent to which the economic conditions of the country have improved. The chief sources of revenue are the State undertakings and domains, such as the railways, ports, Customs and forests.

The position of the home and foreign State debts on January 1, 1926, is shown in the following table :—

Foreign Loans. (Reckoned in Estonian Marks.)		
English debt	2,112,755,343	
American debt	5,707,614,105	
Danish debt	42,913,548	
Swedish debt	79,712,119	
		7,942,995,115
Internal Loans.		
Short period 5 per cent. Loan	64,193	
Premium Loan 1920 ...	93,523,400	
Treasury notes	402,000	
		93,989,593
Money in Circulation.		
Banknotes and 5 per cent. bonds	1,960,371,791	
Coins	142,506,161	
		2,102,877,902
Total		10,139,862,660

The foreign debts all originated during the war and no foreign loans have been taken up since Estonia's independence was established. Part of the foreign debts, such as Mk.21,500,000 to Finland and Fr.13,145,304 to France, have already been paid off, and the greater part of the 5 per cent. internal Loan is covered. The proportion of these debts to population works out at Emk.9,218 per head. An annual sum of from Emk.162 to Emk.240 million in capital and interest has been allotted to the paying off of the debt, and from 1930 onwards the paying off is to be effected in instalments of from Mk.360 to 402 million. These payments will constitute from 2.7 to 5.1 per cent. of the State expenditure in the Budget estimates, a very small percentage in comparison with other countries. (*Rigasche Rundschau*, No. 50.)

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FINANCE

The Co-operative Banks.—A Congress of Co-operative Banks was held in Reval on March 21, attended by some 80 representatives. According to the report read by the manager of the Rahva Pank, the number of banks at present operating is 136 as compared with 120 on January 1, 1925. According to present estimates the capital of the banks has increased 50 per cent. in the course of 1925, while deposits have also increased by 50 per cent. The banks owe the Treasury, the Eesti Bank and the Rahva Pank a total sum of Mk.200 million. As regards the loan policy it was announced at the meeting that 94 per cent. of the Estonian and foreign money had been placed as loans, and the loan policy had in many cases been developed in the service of the interests of certain groups. The rate of interest for loans varies between 9 and 18 per cent., while 5 to 12 per cent. is paid for current accounts and for fixed term deposits 8 to 15 per cent. per annum. Cash in hand amounted at the end of the year to 9.6 per cent. of the deposits, as against 13.4 per cent. at the beginning of the year. The resolutions passed at the meeting chiefly concerned the organisation of stricter control over the activities of the co-operatives.

The following table shows the development of the co-operative banks up to January 1, 1925 (the figures for January 1, 1926, are not yet available). The statistics are taken from the report of the Eesti Bank (in millions of marks):—

	Capital.	Deposits.	Loans.
January 1, 1920 ...	5.1	64.5	41.1
January 1, 1921 ...	7.0	80.8	65.0
January 1, 1922 ...	11.7	135.4	135.3
January 1, 1924 ...	57.5	473.1	615.2
January 1, 1925 ...	82.9	678.3	706.2

(*Revaler Bote*, March 24.)

TRADE

Foreign Trade Returns for January.—The balance of trade for the month of January showed a deficit of Emk.19 mill., with imports amounting to Emk.702 mill. and exports amounting to Emk.683 mill.

Imports show a decrease of Emk.75 mill. as compared with the previous month, chiefly owing to the falling off of imports of grain and flour (January, Emk.161 mill.; December, Emk.237 mill.). The import of coal and cotton has increased. The import value of the latter commodity, Emk.33 mill., was greater than in any month of 1925. The import of paper goods shows a heavy decrease (Emk.7 mill.).

Flax and butter play the most important part on the export side. The value of the flax export was Emk.266 mill. (December, Emk.253 mill.), and that of the butter export Emk.135 mill. (December, Emk.176 mill.). Owing to ice conditions heavy decreases occurred in the timber export (Emk.66 mill. as compared with Emk.190 mill.), the paper export (Emk.65 mill. as compared with Emk.139 mill.), the export of textile goods (Emk.90 mill. as compared with Emk.159 mill.), and cement (Emk.1 mill. as compared with Emk.28 mill.). The total decrease in exports amounts to Emk.320 mill. as compared with the record month of December.

A comparison with January 1925 shows a drop of Emk.60 mill. in imports and Emk.75 mill. in exports. The proportional deficit was the same in January 1925.

Germany takes first place among foreign countries supplying Estonia, with 30.4 per cent.; the United States follows with 23.1 per cent., then England with 10.9 per cent., Poland with 7.1 per cent., and the Soviet Republics with 6.8 per cent. of the total imports.

Among purchasers of Estonia's goods Germany has moved down to second place (18.4 per cent.), while France, to which country large quantities of flax have been exported, now takes first rank with 23.3 per cent. England comes third (with 16.2 per cent.), as a customer for timber. Industrial products are sent to Russia (12 per cent.), which country has purchased from Estonia Emk.51 mill. of paper Emk.14 mill. of textile goods and Emk.16 mill. of leather goods. Belgium (11.6 per cent.) and Latvia (6.1 per cent.) follow. (*Revaler Bote*, No. 46.)

INDUSTRY

The Shale Fuel Industry.—During 1925 the State shale fuel works produced a total of 14,622,326 poods of shale fuel, 11,724,140 poods in Kochtel and 2,898,186 poods in Kuckers. Standing stocks amounted on January 1, 1925, to 8,964,338 poods. In the course of the year 16,017,985 poods of shale fuel were consumed, 378,847 poods for the requirements of the works, 1,558,880 poods for the oil factories and 14,080,258 poods for sale. The following quantities were sold on the market: First quality shale fuel, 9,369,420 poods of a value of Emk.93,179,282; second quality, 458,679 poods of a value of Emk.3,561,714; and third quality, 4,252,159 poods of a value of Emk.17,657,369, or a total of 14,080,258 poods of a value of Emk.114,398,365. A comparison with the 1924 statistics gives the following results (in thousand poods):—

	1924.	1925.
1. Consumption within the industry ...	469.7	378.8
2. Demand of oil factories	184.0	1,558.8
3. Placed on the market	8,209.2	14,080.2
	8,889.9	16,017.9

This table shows that the total consumption during the past year has increased by 100 per cent. The Kochtel oil factory which began work on a large scale last year has used eight times more shale fuel than in the previous year, and the quantity sold has increased by 70 per cent. The standing stocks on January 1, 1926, amounted to 7.5 million poods. In January of the current year 1,229 wagons of shale fuel, or about 1.2 million poods, were placed on the market, and in January 1924 448 wagons, or 435,000 poods. Thus in January of this year three times as much shale fuel was put on the market as in January of last year. Of the January 1926 sales 529 wagons were consigned over broad gauge lines and 145 wagons over narrow gauge lines. (*Revaler Bote*, No. 31.)

According to the 1926 estimates 20 million poods of shale fuel will be produced in the State mines, and in addition to this 3 million poods will be sold from standing stocks. The greatest consumers are the railways, 10.5 mill.; the Reval electric central, 1.5 mill.; the Baltic cotton spinning mills, 1.5 mill.; the Asseria cement factory, 5 mill.; Port Kunda, 2.5 mill.; and the State oil distillery, 4 mill. poods. The stock of shale oil amounts at present to 100,000 poods, and it is hoped to dispose of this quantity to the Finnish ice-breaker "Jäakarhu," and to start exporting the other by-products, such as tar, asphalt, etc. The 1926 estimates include an increase of 20 per cent. in the workers' wages scale and in some of the officials' salaries. (*Ibid.*, March 24.)

The
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Market
A Monthly Review
Published on the 1st of Every Month.
Publishing Offices: 25, Havlickovo nam. Prague II.
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FRANCE

POLITICAL AND FINANCIAL

The Budget.—After some debate in which both parties showed a great desire for conciliation, the necessary financial measures have been definitively voted. The list of new taxes was even increased by the addition of new indirect taxation (tobacco, coffee, etc.) and by subjecting necessaries to the 30 per cent. increase of the Customs duties. The new revenue provided for by the Law of April 4 is largely made up of purely indirect taxation, as shown below :—

Estimated proceeds of indirect taxation (turnover tax, tobacco, alcohol, matches, salt, oil, Customs duties, etc.)	Fr.2,684 million
Estimated proceeds of direct taxation	920 million
Estimated proceeds of different kinds of mixed taxes (export duties, stamp duties on Stock Exchange transactions, property tarnsfer taxes, etc.)	821 million
Estimated proceeds of sales of merchandise stocks and real estate belonging to the State	200 million
Total...	Fr.4,625 million

The Press lays stress on the fact that this is the first Budget since the war which really balances. As it points out, there were no budgets until 1918. The Budgets for 1918 and 1919 related only to civil services. As for extraordinary expenditure, there were no estimates whatever. Since 1920 the Budget has consistently shown a deficit, as follows :—

1920 ...	20,000 millions.	1923 ...	10,313 millions
1921 ...	14,000 ,,	1924 ...	3,455 ,,
1922 ...	13,115 ,,	1925 ...	4,338 ,, (including extraordinary expenditure)

As to the present Budget, doubts still exist as to whether the equilibrium can possibly be maintained. To begin with, rising prices may falsify the calculations of the Ministry of Finance ; secondly, there is no certainty as to the expenditure that will be incurred in connection with the Syrian and Moroccan campaigns. On the revenue side of the Budget, it is to be feared that certain receipts may be considerably affected should a slackening occur in the economic activity of the country. (*Information*, April 8.)

INDUSTRY

The Production of Rolling Stock for the Railways.—Orders from the French railway companies have been far from sufficient, and the rolling stock industry consequently has got into difficulties. Not only has the production of rolling stock been curtailed, but even some subsidiary industries have been obliged to reduce their activity (certain branches of metallurgical industry, tube and wood works).

The pre-war capacity of the French industry was 700 engines, 700 tenders, 1,500 passenger cars and 30,000 goods trucks per annum ; during the past few years the output rose to 1,200 engines, 1,200 tenders, 2,000 passenger cars and 40,000 goods trucks. But the programme of rolling stock orders drawn up by the Superior Council of the French Railways (both State and private lines) provides for the construction of only 1,043 engines, 713 tenders, 3,575 passenger cars and 43,000 goods trucks for the whole period 1924 to 1928. On an annual basis this programme supplies the rolling stock industry with orders to the extent of 22 per cent. of its capacity in regard to engines, up to 15 per cent. as regards tenders, up to 45 per cent. as regards passenger cars, and up to 27 per cent. as regards goods trucks. The orders for 1926 include only 160 engines, 55 electric cars, 94 tenders, 430 passenger cars, 960 supplementary carriages and 1,250 goods trucks.

The Chairman of the Association of the rolling stock industry, in a letter to the Minister of Public Works in which the above facts are duly set out, anticipates the closing of certain works. In his opinion it is impossible for the French industry to develop in a normal way unless German deliveries of rolling stock under the Dawes Plan are suspended. The *Nord Industriel* suggests that a new programme of railway stock construction should be elaborated, and that the Government and the big banks should supply the industry with credits should its own resources prove inadequate.

The Silk Industry.—In a speech delivered at the annual meeting of the Syndicate of Silk Manufacturers, M. Fougère, the Chairman, said the past year (1925) was a period of steady development. The value of the production of silk tissues exceeded that of the previous year by 24 per cent. and the value of the exports by 16 per cent., but as the computations are partly based on former prices of the raw material these figures are subject to correction. In the opinion of M. Fougère, the real volume of production in 1925 exceeded that of the previous year by only 10 per cent. As regards cocoons and silk yarns, a certain decrease will be observed :—

Cocoons.	*Silk yarns.*
1924... 4,224,000 kg.	1924... 335,000 kg.
1925... 3,368,000 kg. (— 20%)	1925... 272,000 kg. (— 20%)

The export of silk tissues amounted to 8 per cent. of the total French export trade.

The Woollen Industry.—According to M. Mathon, the Chairman of the Central Wool Committee of France, this branch of industry has fully resumed its pre-war activity. But there are certain circumstances connected with the uncertain financial outlook which greatly hinder its development. As there is a considerable decrease in home sheep-breeding (17 million head before the war as compared with only 9 million at present), the wool consumption of France is principally supplied from imported wool. Imports amount to about 270,000 tons (some 10,000 tons of which are derived from the colonies), while home-grown wool aggregates 30,000 tons. It may be noted incidentally that even the number of shepherds, which stood at about 220,000 under the Second Empire, is now only about 80,000. The imported wool being, as a rule, paid in foreign currency, the rise of the foreign exchange rates influences very much the cost of production of woollen goods. The wool industry does not benefit by the fall of the franc in the same measure as some other industries.

Exports in 1925 show a falling off as compared with 1924 :—

	1924.	1925.	Difference.
Raw wool	52,109 tons	42,480 tons	— 19%
Yarn	15,849 ,,	14,543 ,,	— 8%
Manufactured goods	34,495 ,,	28,890 ,,	— 16%

Until January 1925 the Alsace-Lorraine textile industry had a right under the Treaty of Versailles to export duty free to Germany a certain proportion of its output (54,000 tons of yarns and 54,000 tons of manufactured goods). Now that these exports are subject to the German import duties, which are nearly twice as high as before the war, the export trade has been considerably checked. On the other hand, German woollen goods cannot be imported into France, because since the war they are subject to the maximum tariff. In December last a Protocol was signed by the German and French representatives permitting the import of German goods into France under the minimum tariff fourteen months after the signature of the definitive commercial agreement. This agreement has not yet been concluded, and negotiations for a provisional agreement for this branch of industry on the basis of mutual concessions are still being proceeded with.

The French woollen textile industry is still under the menace of the British 33⅓ per cent. *ad valorem* duty, which has not yet come into operation because a *modus vivendi* is expected to be arranged between the French and British industrialists.

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GERMANY

FINANCE

Further Reduction of the Discount Rate.—In view of the prevailing liquidity on the money market and in consideration of the fact that the former discount quota has only been utilised up to 54½ per cent., it has been decided by the Central Committee of the Reichsbank to reduce the discount rate from 8 to 7 per cent. and the rate for loans from 9 to 8 per cent. as from March 27. The Gold Discount Bank has simultaneously reduced its rate from 6 per cent. to 5½ per cent. According to the *Frankfurter Zeitung*, March 27, the reduction came as a complete surprise to the members of the committee.

Since the reduction of the discount rate by the Reichsbank on January 12 from 9 to 8 per cent. and the rate for loans from 11 to 10 per cent. (further reduced on February 28 from 10 to 9 per cent.) conditions on the money market have shown further development in the direction of liquidity. This may be attributed to a reduced demand consequent upon the crisis, coupled with a steady supply of foreign money. The market rate for bank-endorsed bills, which in January was still maintained at 8½ per cent., has dropped to 6 or 6½ per cent., constituting a reduction of 2 full points.

The maintenance of the 8 per cent. bank rate has resulted in a severe reduction in the bill portfolio. It was announced at the general meeting of the Reichsbank that the bank's holdings in home bills had dropped to less than R.Mk.700 million. This alone, however, would not necessarily justify a reduction in the discount rate, but as the difference between the free and official rates had assumed considerable proportions there was no longer any object in maintaining the bank rate at its former level. The reduction was nevertheless not expected before the end of the quarter, and the fact that it has been carried through earlier, and to the extent of a whole point, shows that the management of the Reichsbank believes in the continuance of the present liquidity. A certain amount of elasticity in fixing the discount rate is at present very useful, and if changes on the market require it, the Reichsbank should not hesitate to raise the rate again; on the other hand it is equally possible that circumstances may shortly necessitate a further reduction.

The *Deutsche Allgemeine Zeitung* (March 28) states that the Reichsbank's stock of bills, loans and securities has decreased from R.Mk.1,588 million to R.Mk.1,340 million, while cover for notes in circulation by actual gold has increased from 53.4 per cent. to 57.6 per cent. The private discount rate, which was 6⅜ per cent. on January 11, has sunk to 5 per cent., and the rate of interest for day to day money quoted on January 11 at from 6 to 8 per cent. is now 4 to 6 per cent. The rate of interest for monthly money, formerly 9 to 10 per cent., is now quoted at 6 to 7 per cent. The Reichsbank had thus to a considerable extent lost touch with the market as regards discount policy. It is significant that a sharp divergence still exists between short period and long period money, although conditions in this quarter have undoubtedly become more favourable owing to the Gold Discount Bank's measure in favour of agriculture and the general policy of the Reichsbank. The President of the Reichsbank, in announcing the reduction of the discount rate, expressed the hope that it would bring with it a general reduction in the level of interest outside the Reichsbank, thus affording some relief to the critical economic situation.

The *Hamburger Fremdenblatt* (March 27) welcomes the reduction of the discount rate and describes it as the inevitable result of the development of conditions on the money market. The action of the President in making the reduction without waiting, as was expected, till after Easter, is commended, and is attributed to the loss of control over the money market by the Reichsbank owing to the attitude of the private discount market.

Position of the Great Banks.—The first impression left after a cursory examination of the 1925 reports of the great banks which during the last few weeks have been appearing in such close succession is that the banks have done better during 1925 than might have been expected in view of the severe economic crisis which prevailed during the latter half of the year. All the great banks are paying the same dividend as in the previous year, the Disconto, the Deutsche, the Darmstädter and the Handelsgesellschaft, 10 per cent.; the Dresdner, the Mitteldeutsche Creditbank, and the Commerz und Privatbank, 8 per cent. The net profits show little change, the Deutsche Bank and the Darmstädter und Nationalbank show a somewhat greater decrease, while the Handelsgesellschaft and the Dresdner Bank can boast of a considerable increase. The relation between gross and net profits has developed with all the great banks on uniform lines, if the Berliner Handelsgesellschaft is considered as a separate organisation, working without any branches. The working coefficient shows equally little change with any of the banks as compared with 1924. The following table gives detailed information (in millions of marks):—

	1924.			1925.		
	Gross Profits.	Net Profits.	Per Cent.	Gross Profits.	Net Profits.	Per Cent.
Deutsche Bank	126.6	18.7	14.3	121.6	17.4	14.4
Disconto-Gesellsch.	65.5	10.7	16.4	57.7	10.4	18.0
Dresdner Bank	76.7	8.3	11.1	69.4	8.5	12.3
Darmstädter ⅋...	75.9	9.1	12.0	66.9	6.8	10.3
Commerz Bank	59.2	5.0	8.6	49.8	4.6	9.4
Mitteldeutsche	10.2	1.4	13.9	8.7	1.3	16.1
Handelsgesellsch.	10.0	2.5	25.6	9.5	2.6	27.7
	424.1	55.7	13.1⅞	383.6	51.6	13.6

In judging the uniform picture offered by the individual bank reports where profits are concerned, it should not be overlooked that the figures given by the banks as representing their gross profits have not very much to do with their actual results. It is always possible that they have had recourse to their reserves, or created some fresh support to strengthen the position. In any case the great banks have contrived to balance in such a manner as to constitute net profits admitting of the payment of dividends. From statements made by some leading bankers in regard to their annual report policy it may be gathered that it was not precisely easy to carry out their decision to maintain last year's dividends. However, in spite of the serious economic crisis, undoubted bad debts, very heavy working expenses, bad Bourse business, and the uncertain outlook for the future, the dividends have been maintained, though not without difficulty and contrivance.

The many cases of collapse, bankruptcy and insolvency among the big industrial and commercial concerns which occurred during the latter half of the past year must have occasioned heavy losses to the banks, although it is asserted that in most cases they held the best possible guarantees. The actual figures of the losses thus incurred are, very wrongly, withheld by the banks. They have doubtless been covered in part by special reserves, and in part may appear in the profit and loss account. A greater source of difficulty to the banks than direct losses owing to not too wise granting of credit, or insolvencies which could not have been foreseen, is the locking up of a not inconsiderable proportion of their funds with clients who are in difficulties. It is impossible to say when they will be able to recover these sums.

In the new year a yet greater cause for anxiety arose for the banks in regard to the sinking tendency of the rate of interest, and particularly the difference between debit and credit interest. The following table shows the development of the rates of interest and the banks' current account business (in the case of deposits the rate is for money deposited for 15 to 30 days):—

	Clients' debit interest per cent.	Deposit rate per cent.	Difference per cent.
January 1, 1925 ...	16.5	9	7.5
January 19, 1925 ...	16.5	8	8.5
January 26, 1925 ...	15	8	7
March 1, 1925 ...	14	8	6
March 5, 1925 ...	14	7	7
October 1, 1925 ...	13.4	7	6.4
January 1, 1926 ...	12.4	6	6.4
March 1, 1926 ...	11.4	5.5	5.9

The sinking tendency clearly shown in the above table is not likely to be brought to a standstill at present, and no precise estimate of the profits on credit business during 1926 can possibly be formed. The tendency on the credit market during the latter part of the year cannot be predicted; there is yet time for a reversal of the tendency and an equalisation of profits. The great hopes of the banks are placed in Bourse business and the issue of new shares, etc. If business on the Bourse develops along the present favourable lines and some industrial loans and new share issues are placed, the banks may find therein compensation for the decreasing returns from credit business.

It is not probable in the long run, however, that the income of the banks from various sources will be sufficient to obviate a further reduction of their still exceedingly great expenditure. In 1913, with gross profits amounting to Mk.280 million, the expenditure of all the great banks, including taxes and writing off, was only Mk.140 million, while to-day working costs of Mk.330 million are counterbalanced by a gross surplus of Mk.383 million, so that the working coefficient is to-day 13 per cent. as compared with 50 per cent. in 1913. The staffs have been reduced from 61,400 to 49,900 persons (maximum in 1923, 150,000 persons), and the result of this reduction together with the closing of further branches and agencies will only be fully felt this year. Some of the expenditure incurred last year was for the completion of new buildings already begun. Whether the measures taken and the avoidance of unproductive expenditure will effect an adequate reduction, or whether further dismissals and closing of branches will become necessary, only the development of the next few months can decide. (*Deutsche Allgemeine Zeitung*, March 25.)

INDUSTRY

Further 1925 Coal Statistics.—The *Frankfurter Zeitung* (March 31) publishes a detailed report issued by the Union for Mining Interests in Essen, after an interval of twelve years, dealing with mining statistics for 1925. According to this report the foreign sales of the Rhenish Westphalian Coal Syndicate (reckoning coke and briquettes as coal at 78 and 92 per cent. coal content respectively) amounted in 1925 to 14.4 million tons, or double last year's figure and one-third less than in 1913 (22.76 mill. tons).

Ruhr coal is well on the way to regaining the position on the world market lost during the last ten years. On the overseas markets also Ruhr coal is gaining increasing importance. The following table shows the development of the foreign sales of the Rhenish Westphalian Coal Syndicate (in thousands of tons):—

	Coal.		Coke.		Briquettes.		Percentage.	
	1913.	1925.	1913.	1925.	1913.	1925.	1913.	1925.
Holland ...	6,538	6,485	176	176	274	384	30.84	48.97
Belgium ...	3,900	1,077	311	7	412	84	20.56	8.06
France ...	2,123	1,107	2,250	1	311	–	23.27	7.69
Saar ...	–	105	–	6	–	–	–	0.79
Portugal ...	–	64	–	–	3	3	0.02	0.48
Spain ...	300	81	42	7	7	6	1.59	0.67
Italy ...	797	301	173	105	119	24	4.96	3.18
Switzerland ...	413	245	253	235	100	30	3.65	3.99
German Austria	–	154	–	24	–	–	–	1.29
Hungary ...	161	–	276	–	42	–	2.44	–
Czechoslovakia	–	6	–	8	–	–	–	0.12
Balkan States	198	38	63	27	37	29	1.38	0.70
Russia	–	–	–	–	–	–	–	–
Estonia	–	–	–	–	–	–	–	–
Finland	–	47	–	–	–	–	–	0.33
Latvia	423	26	259	10	18	–	3.40	0.28
Lithuania	–	71	–	17	–	–	–	0.66
Danzig ...	–	1	–	–	–	–	–	0.01
	–	6	–	–	–	1	–	0.05

	Coal.		Coke.		Briquettes.		Percentage.	
	1913.	1925.	1913.	1925.	1913.	1925.	1913.	1925.
Sweden ...	133	453	199	204	5	–	1.73	4.96
Norway ...	20	26	56	32	–	4	0.41	0.50
Denmark ...	168	157	37	64	99	68	1.35	2.11
Great Britain	9	–	6	–	–	–	0.08	–
Asia Minor. N. Africa	230	188	8	9	127	70	1.58	1.84
W., S.-W., S.E. Africa ...	8	73	2	–	29	–	0.17	0.51
U.S.A. Mexico	–	67	93	39	13	14	0.58	0.91
South America	32	319	126	16	36	13	1.00	2.45
China, India, Siam, Japan, Java ...	56	28	22	–	–	–	0.37	0.20
Australia Hawaii ...	–	–	24	2	–	–	0.14	0.02
Other countries	83	143	16	952	3	7	0.48	9.26
Total ...	15,602	11,283	4,401	1,952	1,642	745	100.00	100.00

In addition to the above quantities, which only represent the export of the Syndicate, the following reparation deliveries have been made (in thousands of tons):—

	France.		Belgium.		Italy.		Total.	
	Coal.	Coke.	Coal.	Coke.	Coal.	Coke.	Coal.	Coke.
January ...	283	373	178	24	199	—	661	398
February ...	259	392	204	31	101	—	564	423
March ...	283	324	207	28	132	—	624	353
April ...	206	325	206	29	107	—	520	355
May	258	286	212	33	131	—	602	320
June ...	293	231	206	24	130	—	630	255
July ...	401	250	187	16	133	—	721	266
August ...	420	230	257	11	150	—	829	242
September ...	501	212	242	16	199	—	943	229
October ...	508	208	236	16	200	—	945	226
November ...	484	205	178	15	204	—	867	231
December ...	435	252	258	11	215	—	910	264
Total ...	4,337	3,294	2,576	261	1,907	—	8,821	3,557

COMMUNICATIONS

The Position of Shipbuilding.—In the annual report of the Vulcan Works, Hamburg and Stettin, the necessity for an amalgamation of German shipyards with a view to supporting German shipbuilding is insisted upon. It is pointed out that the results for 1925 are far behind those of the previous year, the balance-sheet showing a surplus of only R.Mk.88,735 (in 1924, R.Mk.767,210). Writing off had to be reduced from R.Mk.752,609 to R.Mk.56,059, a dividend of 6 per cent. was allocated to the R.Mk.100,000 of preference shares, and after a payment of R.Mk.12,942 for interest on bonds R.Mk.13,734 (in 1924, R.Mk.8,601) was placed to a dotation account. The report then continues: "In 1924 the economic conditions in German shipbuilding and locomotive construction already rendered it impossible to provide the workshops and shipbuilding yards in Stettin and Hamburg with adequate contracts at reasonable prices. In 1925 this state of affairs became further aggravated. During 1925 the Reichsbahn, as in 1924, held to the decision to give no new orders for locomotives, and intends to continue this practice in 1926. The sales crisis in German shipbuilding has grown more acute. Germany's possibilities as far as warship construction is concerned were reduced by the Treaty of Versailles to a negligible quantity; the development of mercantile shipping and trade relations with other countries has greatly reduced the possibilities of the dockyards in the direction of a shipbuilding programme of pre-war dimensions. The result at the present moment is such that with extensions of shipbuilding yards necessitated during the war, and new yards established since the war, the capacity of German shipbuilding for the mercantile marine is two and a half to three times as large as the market possibilities. In nearly all German shipyards at least two-thirds of the slips are lying idle. German shipbuilding is suffering to a far greater extent than any other branch of German industry from the results of the war. According to the view of the management of the company a consolidation of the remaining facilities, and above all the preservation from absolute collapse of the art of shipbuilding in Germany by the amalgamation of the shipyards and their interests is greatly to be

desired." Suggestions of this kind have not been wanting in 1925, but it appears that too strong an opposition exists to admit of a voluntary amalgamation. (*Hamburger Fremdenblatt*, March 29.)

ITALY

POLITICAL AND GENERAL

Economic Consolidation.—Following the numerous expressions of expert opinion in the financial, economic and general Press of Italy, one finds complete unanimity respecting the economic progress of the country during the past twelve months. One of the most essential factors making for national progress is undoubtedly social tranquillity. This in Italy has been secured. The country has for some time past been singularly free from trade and other social disturbances that divert and waste the national economic forces. The recent celebration of the seventh anniversary of Fascism also seems to have strengthened the universal desire for national unity in political, economic and social affairs. Another most important factor is the success of the Government in the work of financial reconstruction. Thus the foundation-stones for national prosperity have been securely laid. Having accomplished this, the Government and the nation at large are turning their attention to what may be termed the second stage in the economic consolidation of the country.

One of the most disquieting features of the national economic life has been the heavy adverse balance in the commercial exchanges with other countries, which, as Signor Alberto de Stefani points out in the *Corriere della Sera*, has become constant and has a serious influence upon the Italian balance of international payments. Yet it should not be overlooked that even before the war there was invariably an adverse balance; from 1908 to 1913, for instance, imports exceeded exports every year by more than L.1,100 mill. Comparing the commercial situation of the first two months of 1925 and 1926 it will be observed that this adverse balance has become accentuated of recent date. Coal imports have risen from 1,393,000 tons in January and February 1925 to 1,875,000 tons in the first two months of the present year; raw copper from 86,000 to 132,000 tons, steel from 8,000 to 110,000 tons, iron and steel in bars or wire from 149,000 to 216,000 tons, sheet and plate iron and steel from 64,000 to 71,000 tons, cellulose from 182,000 to 287,000 tons, raw cotton from 433,000 to 503,000 tons, wool from 68,000 to 77,000 tons, and rubber from 16,000 to 19,000 tons. All these, however, are the raw materials for Italian industry, and the increased consumption is an indication of the intensified activity in the Italian industrial world. Nevertheless, there is no good reason why the export trade should not be considerably developed and extended, with the possible reduction if not the entire removal of the adverse balance. To this end the Government is establishing the National Institute for Exportation, an independent body subject to Government supervision. The work of this Institute is to extend and improve the foreign markets for Italian agricultural produce and manufactured goods, to encourage any sound initiative undertaken for this purpose by public or private concerns or by individuals, and to organise national producers in associations for fostering the export trade. In connection with this Institute there will also be an information bureau, which will supply detailed data concerning the peculiar and current requirements of the different foreign markets. When the machinery of the National Institute for Exportation has been set in motion there should result a marked improvement in exports. The Government realises, however, that such activity must go hand in hand with the better development of agriculture and industry themselves, since the expected increased demand postulates a greater capacity of production. Agriculture is accordingly receiving due attention. The most modern scientific methods are being applied to agriculture in all its branches, from the tilling of the soil to irrigation, fertilising and to more intensive production. In regard to wheat-growing, experiments have been made with different seeds and arrangements are now being made for the general use of selected seed. Determined efforts are similarly being directed towards improved management, better methods of work and increased output in the leading manufacturing industries. The Superior Economic Council is doing an excellent work in this sphere and is everywhere encouraging the production of high quality goods.

In summarising the survey of the present situation in the leading industries published by the *Bollettino di Notizie Economiche* of February 28 last, we note that apart from a certain slackness in a few industries, notably in the straw goods making branch, industry in general is being kept well occupied and is making satisfactory headway, and the conditions in agriculture are very favourable. During the course of the past year there was a decrease in the number of unemployed, the official figures for January 1925 being 156,382 and those for December 31, 1925, 122,200. In January 1926 there was a slight increase, the number of unemployed being 156,139. This number includes those unemployed in the agricultural branches, but with the coming season a large proportion of these should be absorbed. The Government is endeavouring to make vast improvements in connection with the distribution of labour and has established a Permanent Committee of Interior Migration for the purpose of obtaining information and issuing reports on the relation between work and the demand for labour in different parts of the country. These reports will be regularly sent to the various local authorities and endeavours then made to pass on superfluous labour power to such districts where the demand is stronger. Arrangements will then be made with the Ministry of Transport to facilitate the transference of available labour from one district to another.

It is interesting to observe that such an eminent British authority as Sir Felix Schuster confirms the consensus of Italian opinion. In his address to the shareholders of the British Italian Banking Corporation he described his impressions of the present conditions in Italy, obtained during his very recent visit to that country, as definitely favourable and encouraging. The country, he said, gave the impression of a hive of industry, with the people generally hard and cheerfully at work. Under the influence of appropriate legislation all economic forces appeared united in a spirit of solidarity and co-operation. Referring to the strenuous efforts to fulfil the financial commitments of the country he mentioned that it would appear that the direct effect of so determined a policy, in the achievement of which every single individual was interested, had been the disappearance of strife between Capital and Labour.

FINANCE

Capital Movements July to December 1925.—The movements of capital in Italy for the first half of the year 1925 were given in The Economic Review under date October 16 last. We give below a table showing the variations which have taken place in the second half of 1925 in the capital invested in Italian joint stock companies. The figures show for the period under consideration a net increase of L.3,585 mill. The increased investment for the whole of 1925 amounts to no less than L.8,062 mill., so far the largest realised in any one year.

In 1913 the capital invested in joint stock companies amounted to L.5,643 mill.; at the end of 1925 it amounted to L.36,300 mill.

An analysis of the figures for 1925 shows that the hydro-electric companies are still the prime favourites with the Italian investing public, followed in order of

importance by banks (L.1,000 mill. during the year), the textile trades (L.309.9 mill.) and transportation companies (L.309.4 mill.). Four hundred and thirty-three real estate companies were floated in 1925, mostly for erecting dwelling houses in the large towns whose population is steadily increasing; L.318.1 mill. were invested in these concerns during the year. Companies formed for farming or preparing farm products for the market secured a net investment of L.703 mill.

To sum up, in 1925 the new companies formed numbered 2,079 with a capital of L.1,032.1 mill.; 1,580 companies increased their capital by L.7,964.6 mill.; 421 companies representing a capital investment of L.440.6 mill. went into liquidation, while 259 companies wrote down their capital to the extent of L.742.8 mill.

Joint Stock Companies, Capital Issues and Withdrawals July to December 1925.

Description.	New Companies. No.	New Companies. Capital. Lire.	Increase in Capital. No.	Increase in Capital. Increase. Lire.	Liquidations. No.	Liquidations. Capital. Lire.	Reduction of Capital. No.	Reduction of Capital. Reduction. Lire.	Total. investment. Lire.	Total. withdrawals. Lire.		Difference plus or minus. Lire.
Banks	31	39,914,400	28	510,970,000	6	11,075,300	3	5,000,000	604,884,400	16,075,300	+	588,809,100
Insurance	7	5,700,820	6	42,000,000	3	6,010,000	1	2,000,000	47,700,820	8,010,000	+	39,690,820
Mining	19	8,623,000	17	248,643,810	7	6,100,000	2	1,775,810	257,266,810	7,875,810	+	249,391,000
Metal trades	18	5,450,000	12	45,723,000	1	1,500,000	5	3,380,370	51,173,000	4,880,370	+	46,292,630
Engineering	65	23,952,500	61	95,646,243	15	14,331,500	9	7,414,971	119,598,743	21,746,471	+	97,852,272
Automotive	2	150,000	6	14,000,000	1	1,000,000	–	—	14,150,000	1,000,000	+	13,150,000
Chemical	55	19,943,000	47	151,787,800	13	8,232,500	2	1,250,000	171,730,800	9,482,500	+	162,248,300
Textile	62	34,360,000	70	289,288,400	8	11,744,000	4	1,927,000	323,648,400	13,671,000	+	309,977,400
Miscellaneous manufacturing	75	12,623,960	70	202,466,512	10	4,405,000	10	70,198,500	215,095,472	74,603,500	+	140,491,972
Agricultural, alimentary	73	65,829,700	71	327,840,040	22	45,815,200	13	9,938,290	393,669,740	55,753,490	+	337,916,250
Electrical	22	15,455,500	28	798,060,000	6	5,200,000	1	125,000	813,515,500	5,325,000	+	808,190,500
Real estate	211	46,506,100	68	92,728,500	10	7,496,910	6	4,420,000	144,234,600	11,916,910	+	132,317,690
Building	61	16,429,000	35	41,802,500	5	6,000,000	5	5,125,000	58,231,500	11,125,000	+	47,106,500
Aqueducts, mineral waters and spas ...	9	1,525,000	5	12,900,000	1	100,000	–	—	14,425,000	100,000	+	14,325,000
Hotels, restaurants, theatres	26	3,222,600	26	157,861,000	4	1,200,000	7	11,732,500	161,083,600	12,932,500	+	148,191,100
Mercantile companies	149	58,266,000	71	89,906,600	32	43,118,000	17	25,799,000	148,172,600	68,917,000	+	79,255,600
Printing and publishing	22	3,366,000	26	33,397,850	4	137,500	3	677,350	36,763,850	814,850	—	35,949,000
Transports and communications ...	37	12,920,000	32	410,074,250	17	17,205,600	9	96,385,000	422,994,250	113,590,600	+	309,403,650
Other companies ...	24	10,860,000	6	14,920,000	7	764,250	1	700,000	26,780,000	1 464,250	+	25,315,750
Total ...	968	439,102,580	865	3,586,016,505	172	191,435,760	98	247,848,791	4,025,119,085	439,284,551	+	3,585,834,534

(*Bollettino di Notizie Economiche* and *Report of the Association of Italian Corporations.*)

The National Insurance Institute in 1925.—The report of the National Insurance Institute of Italy indicates the notable progress that has been made by this concern during the past few years. The income of this Institute, which is the largest providential society in Continental Europe, amounted to about L.1,480 mill. in 1925. This figure will be better appreciated when compared with the results of the preceding years since the foundation of the Institute, which are as follows (in millions of lire): 1913, 210; 1914, 165; 1915, 105; 1916, 80; 1917, 105; 1918, 940; 1919, 290; 1920, 910; 1921, 610; 1922, 700; 1923, 720; 1924, 1,080; and 1925, 1,480. The depression from 1915 to 1917 inclusive was due to the effects of the war, whilst the big increases in 1918 and 1920 are explained by the arrangement with the Prestiti Nazionaliall' Assicurazione Vita. In comparison with the preceding year there was in 1925 an increase of about 40 per cent. in Northern Italy, 30 per cent. in Central Italy and 38 per cent. in Southern Italy. The past year saw the first results of the new popular insurance scheme, for which L.25 mill. was collected in a few months. There is every prospect of the advance in the present year being even more pronounced. (*Revista di Finanza Moderna.*)

TRADE

Foreign Trade Returns for 1925 and for January and February 1926.—The continuous adverse balance of Italy's foreign trade is arousing the serious attention of the Press and of economic circles in general. A disquieting feature is the fact that the increase in exports does not keep pace with the increase in imports. The value of imports in 1925, according to the figures published by the *Bollettino di Notizie Economiche* (February 1926), was L.26,156,911,943, while that of exports was only L.18,274,630,379. The adverse balance for the year was therefore L.7,882,381,564. In the preceding year imports were valued at L.19,379,662,267 and exports at L.14,370,914,746, the adverse trade balance for 1924 being thus L.5,008,747,521. Foreign trade last year resulted in an increase of nearly 3 milliards of lire in the adverse balance. Imports in 1925 showed an increase of L.6,777,249,676 and exports an increase of only L.3,903,715,633 on the preceding year. In the table reproduced below are given the returns for the individual months of 1925 and the difference between the monthly figures and those for the corresponding months of 1924 (in millions of lire):—

	Imports. 1925.	*Imports.* Difference compared with 1924.	*Exports.* 1925.	*Exports.* Difference compared with 1924.
Jan. ...	1,827.7	+ 656.9	1,119.28	+ 275.7
Feb. ...	2,073.2	+ 508.7	1,403.19	303.47
March	2,586.9	+ 1,075.8	1,480.4	+ 269.59
April ...	2,609.0	+ 1,036.9	1,343.1	+ 145.08
May ...	2,442.7	+ 895.17	1,439.6	+ 340.1
June ...	2,885.3	+ 804.7	1,783.5	+ 557.7
July ...	1,851.17	+ 376.8	1,391.8	+ 543.3
Aug. ...	1,823.5	+ 351.8	1,423.8	+ 401.9
Sept. ...	1,698.5	+ 313.2	1,596.3	+ 359.8
Oct. ...	1,910.7	+ 440.8	1,801.7	+ 454.6
Nov. ...	2,005.6	+ 367.9	1,707.29	+ 293.8
Dec. ...	2,442.3	— 46.8	1,784.2	— 41.69
Total	26,156.91	+ 6,777.24	18,274.63	+ 3,903.35

The distribution of imports and exports according to the chief categories of the commodities is shown in the following table (in millions of lire):—

	Imports.	Exports.
Live stock, foodstuffs and tobacco ...	6,555.9	4,610.97
Seeds, oils and animal fats, vegetables and wax	1,175.6	409.18
Textile fibres and products	6,586.07	6,649.2
Ores, metals and products for the metallurgical industry, instruments, etc.	3,915.87	1,405.3
Stones, earths, non-metallic ores, bricks, etc., porcelain, glassware	2,223.8	541.5
Timber, materials for carving, inlaying, etc.	1,120.5	219.0
Chemical products, medicines, resin, dyes, tans, etc.	1,727.68	569.2
Sundry	2,851.3	2,161.2
Gold and silver bullion and specie ...	80.7	1.4

For all the above classes both imports and exports in 1925 were higher than in 1924. The value of imported cereals and vegetables and derivative products rose from L.2,738.3 mill. in 1924 to L.4,166.8 mill. in 1925;

machinery and apparatus from L.590.6 mill. to L.1,059.4 mill.; pig-iron, iron and steel from L.693.18 mill. to L.1,287.9 mill. Among the most notable increases in exports were cereals and vegetables, from L.864.6 mill. to L.1,015.79 mill.; fruit and garden products, from L.1,410.8 mill. to L.1,892.1 mill.; silk and artificial silk, from L.3,136.7 mill. to L.3,773.7 mill.; metal ores and derivatives, from L.78.7 mill. to L.115.2 mill.; armaments and munitions, from L.18.29 mill. to L.54.4 mill.; stones, earths and non-metallic ores, from L.373.9 mill. to L.430.6 mill.; essential oils, perfumery, soaps and candles, from L.85.5 mill. to L.123 mill.; elastic rubber and guttapercha, from L.260.8 mill. to L.419.1 mill.; precious stones and work in precious metals, from L.15.6. mill. to L.111.3 mill.

The principal countries importing goods into Italy last year were the United States with goods to the value of L.6,174.8 mill.; Great Britain, L.2,722.6 mill.; France, L.2,349.3 mill.; Germany, L.2,251.3 mill.; British East Indies, L.1,729 mill.; Argentina, L.1,370 mill.; and Yugo-Slavia, L.780.9 mill. The chief foreign markets for Italy's exports were found in Germany, with consignments to the value of L.2,027 mill.; France, L.2,019.5 mill.; the United States, L.1,887.8 mill.; Great Britain, L.1,855 mill.; Switzerland, L.1,634.4 mill.; Argentina, L.1,145.4 mill.; Austria, L.666.1 mill.; and Yugo-Slavia, L.496.4 mill.

The *Corriere della Sera* reports that imports in January last amounted to a total value of L.1,954 mill., and exports to L.1,118 mill. The adverse trade balance for the month was L.836 mill. The provisional returns for February are given at L.2,206 mill. for imports and L.1,325 mill. for exports, leaving an adverse trade balance of L.881 mill. The adverse trade balance for these two months is heavier than for the corresponding months of 1925.

INDUSTRY

Output of the Mines and Quarries in 1925.—The general market, industrial and financial conditions during the past year proved on the whole very favourable for the mining industry in Italy. The year was marked by intense activity, and in most instances by increased output, particularly in respect to the production of iron, lead, zinc, graphite, boric acid and hard fuel. The production of sulphur was, on the other hand, very scanty, although there is reason to believe that the crisis has been passed and that improvements may be expected in this as in other branches of industry.

The output of iron rose from 237,668 tons in 1924 to 472,400 tons in 1925, whilst that of lead and zinc actually exceeded the pre-war production, lead figuring at 48,845 tons in 1925 as against 40,878 tons in 1924 and 44,654 tons in 1913, and zinc at 163,830 tons in 1925 as against 151,473 tons in 1924 and 158,278 tons in 1913. Most remarkable is the output of 198,000 tons of antimony in 1925, as against 1,493 tons in 1924 and 1,822 tons in 1913. Another instance of production surpassing the pre-war figures is that of iron pyrites, although the output in 1925 was slightly under that of 1924, the results being 513,100 tons in 1925, 515,781 tons in 1924 and 317,334 tons in 1913. Copper has dropped from 89,487 tons in 1913 to 6,170 tons in 1925. The output of hard fuel increased from 1,047,763 tons in 1924 to 1,116,150 tons in 1925, as compared with 701,079 tons in 1913; but the output in 1925 was below the record of 1923, when it totalled 1.132,822 tons. The production of petroleum, which amounted to 5,150 tons in 1925, has remained practically stationary and is still below the pre-war output. There has been a notable development in the quantity of alabaster, the estimated total for 1925 being 14,000 tons, as compared with 12,000 tons in 1924 and but 3,910 tons in 1913. Granite, on the contrary, has shown a remarkable falling off, from 389,015 tons in 1913 to 100,441 tons in 1924 and to only 72,200 tons in 1925. Marble increased in volume on the output of 1924 and but slightly on that of 1913. Among the lesser products the output of amianthus figures very conspicuously, having risen from but 175 tons in 1913 to 540 tons in 1922, 1,506 tons in 1923, 2,160 tons in 1924, and 2,530 tons in 1925. The yield of quartz and felspar has nearly doubled since the war, but the result in 1925 was somewhat below that in 1924. In the following table the output of the different minerals and stone in 1925 is given in comparison with that in 1924 and 1913, the figures being approximately estimated in the cases where the exact results for 1925 have not yet been ascertained (in tons):

	1913.	1924.	1925.
Iron	603,116	218,726	472,400
Ferro-manganese	—	18,942	18,000
Manganese	1,622	12,189	12,700
Copper	89,487	6,840	6,170
Lead	44,654	40,878	48,845
Zinc	158,278	151,473	163,830
Antimony	1,822	1,493	198,000
Bauxite	6,952	140,700	1,700
Iron pyrites	317,334	515,781	513,100
Metal mercury	1,004	1,641	1,650
Hard fuel (coal, etc.)	701,079	1,047,763	1,116,150
Peat	23,710	83,441	123,900
Raw sulphur	386,310	317,199	285,600
Rock salt	41,323	56,896	56,000
Petroleum	6,572	5,212	5,150
Salt	17,727	152,505	200,375
Asphalt and bituminous rock and crude bitumen	171,490	187,244	158,000
Graphite	11,145	7,740	9,100
Boric acid	2,410	2,695	3,000
White and coloured marble	500,342	468,398	525,330
Alabaster	3,910	12,000	14,000
Granite	389,015	100,441	73,200
Slate	43,562	19,112	20,800
Talc and steatite	24,001	32,168	33,000
Amianthus	175	2,160	2,530
Barytine	12,970	39,568	31,850
Quartz and felspar	32,268	62,895	60,200
Porcelain clay, etc.	11,920	34,185	17,283
Magnesian clay	600	13,436	12,700
Refractory materials	5,560	64,180	67,450
Siliceous sand	378,875	266,900	288,500
Fluor-spar	—	6,831	7,700

(*Bollettino di Notizie Economiche*, February.)

Hydro-electric Developments.—The statistics of the capital invested in Italian joint stock companies in the second half of 1925 indicate the vast importance which the hydro-electric concerns have acquired in the last few years. During 1925 the capital investment in this branch of enterprise amounted to no less than L.1,721.9 mill. Fifty-five new companies were formed during that year with a capital of L.25.1 mill., while 70 companies increased their capital by L.1,637.7 mill. During the same year the energy generated by hydro-electric centrals increased by 340,000 h.p., attaining a total of 3,200,000 h.p. as against 1,369,000 h.p. in 1914.

Consumption has more than trebled, rising from 2,400 million k.w.h. in 1914 to 7,600 million in 1925. Of this consumption 8.5 per cent. is used for lighting purposes, the remainder being absorbed by the needs of industry and transportation.

That there are vast possibilities for further development is manifest, however, when we analyse the data for the consumption of electric power. In North Italy between four and five hundred k.w. hours are consumed per head of the population; in Southern Italy and the Islands the figures fall to an average of 50 k.w. hours. The development of the South, with its dense population of frugal and industrious workers, has been hitherto retarded by a series of causes, historic and economic. A determined effort is now being made to utilise the potential assets of those provinces. Undoubtedly the most important of the works undertaken with this end in view, and now approaching completion, are those which will endow Calabria, Apulia, and Basilicata with hydro-electric power generated by the great centrals now in course of erection to utilise the water stored in the artificial lakes of the Sila plateau. Similarly the economic life of Sardinia will be revolutionised by the hydro-electric installations of the Tirso group and the land reclamation schemes which those hydraulic works are making possible.

Meantime the general average *per capita* consumption of hydro-electric power for the kingdom as a whole has risen from 70 k.w. hours in 1914 to 185 k.w. hours in 1925.

The power is generated by over 1,000 centrals, of which, however, only 400 are of real importance. The thermal centrals are insignificant as compared with those worked by hydraulic power. They are equipped to generate some 580,000 h.p., but are only used to supplement the output of the hydraulic plants in dry seasons. In 1925 about 300 million k.w. hours were generated by the centrals burning coal, out of a total of 7,600 million. It would have required some 10 million tons of coal to generate all this power, and the cost would have exceeded two thousand million lire. The above figure gives some idea of the importance of the hydro-electric enterprises to the economic life of Italy.

The need of integrating hydro by thermal electric power is being steadily reduced by the construction of artificial lakes or reservoirs, of which about a hundred have already been constructed on lines which make it possible to store during the rainy season over 860 million cubic metres of water. Forty-seven other such reservoirs are being built with a capacity of 700 million cubic metres, and in connection with these other hydro-electric plants are being erected, equipped to generate a further 900,000 h.p. These works will be completed within the next four years.

The Italian electric power system is based on the exchange of power between the several regions. Water power in the North is most abundant during the spring and summer months, when the Alpine snows melt; in the Central and Southern sections the winter rains swell the torrents of the Appenines. By developing the system of long distance high tension transmission it has been possible to compensate these ups and downs due to climatic condition. At the end of 1925 there were in Italy over 45,000 kilometres of high tension lines besides the hundreds of thousands of kilometres existing for local distribution. Italy is one of the very few countries which can point to such a development. At the present time there are over 1,600 kilometres of electric cable lines at a tension of over 100,000 volts.

It is a remarkable fact, and one of which Italian business enterprise is rightly proud, that this magnificent power system has been built up exclusively by private enterprise with private capital. It is obvious, however, that such large-scale undertakings require vast investments, and they are indeed beginning to attract the attention of the foreign investor. Since the funding of the Italian war debt with the United States the American money market has been opened to Italy, and one of the first private loans which the Government has sanctioned has been that of $20 million contracted by the Credit Institute for Works of Public Utility, which in its turn is loaning the money to a group of the leading hydro-electric concerns to be invested in the further development of their business. The 7 per cent. gold bonds issued in connection with this loan were placed on the New York market at the end of February. (*Financial Report of the General Federation of Italian Industries.*)

CENTRAL AMERICA

MEXICO.

The Rights of Foreigners in Mexico.—The following statement on the rights of foreigners in Mexico by Señor Aaron Saenz, Secretary of Foreign Affairs, is published by *Export Trade and Finance*, March 20.

The organic law of Section 1, Article 27 of the Constitution recently approved by the Mexican Congress cannot be considered as an alien law, as it has been called, because it does not legislate on the status or condition of foreigners in Mexico, but it is a law regulating provisions of the Constitution as referring to the rights which it grants to Mexicans and to Mexican corporations for the acquisition of rights on lands, waters or their appurtenances or of concessions to develop mines, waters or mineral fuels in the Republic.

The alien law which is in force in the Republic was passed in May 1886, and is in force except for such provisions which were tacitly abrogated by the Constitution of 1917.

The provisions of the organic law, furthermore, are not new in Mexico. In fact, since 1623, and according to the sixth law of Chapter of the Recompilation of the Indies, issued by Spain, foreigners friendly to the Metropolis were subjected to certain conditions definitely established for the acquisition of real property in New Spain, with the limitation that they could not acquire the same within a zone of twenty leagues along the coast. This law was confirmed by that of June 16, 1703.

In 1716 Philip IV widened the powers for the settlement of foreigners, restricting their limitation only in so far as the aforementioned zone was concerned.

According to the Constitution of Cadiz, to acquire real property foreigners were required to become naturalised. The law of August 18, 1824, decreed after the independence of the country, reaffirmed the prohibition of foreigners to acquire real property within the twenty-league zone, and the law of April 6, 1830, establishing a similar prohibition in a zone of twenty leagues along the frontiers. The same provision was ratified by the law of July 1854.

In 1862 another law was passed prohibiting foreigners from acquiring properties on the frontiers of Mexico contiguous to their own countries. This law has never been repealed, and its provisions were embodied in the Constitution of 1917.

The Railway Act of April 29, 1899, provides, without any doubt, that all railway companies shall always be considered as Mexican, even if they are organised abroad and although some or all of the stockholders are foreigners, it being furthermore provided that the companies, as well as all foreigners, their heirs and assigns who might be part of said companies, whether as stockholders, employés or in any other capacity, must be considered as Mexicans in matters that refer to the same and that they may never claim, under any pretext whatever, any right as foreigners regarding their titles and business related to same enterprises, and that they shall only have the rights and at their disposal the means of procedure granted to Mexican citizens by the laws of the Republic, foreign diplomatic agents having therefore no intervention in the affairs related thereto.

The Mining Law of November 25, 1909, contains the prohibition for foreigners to acquire mining properties within a zone of eighty kilometres along the frontiers with foreign countries, and the same law prohibits foreign corporations to file or acquire, by any title whatever, mining claims and properties on realty rights over mines within the same zone.

Similar laws to the provisions contained in the organic law of Section 1 of Article 27 a e existing in other countries, to wit:—

In the State of Arizona, U.S.A., by the Law 4716, passed in 1913, only citizens of the United States, or those who have declared their intention to become naturalised, are permitted to acquire real property.

The same law establishes, furthermore, that no corporation with a capital of which more than 39 per cent. is in the hands of stockholders who are not American citizens or who have not declared their intention to become such may acquire lands nor titles to them, nor interests in them, and consequently provides that no foreigner may acquire title to any land or real estate within the State.

In the State of Illinois there exist similar provisions, but with greater restrictions, this law only granting a period of five years in which foreigners must dispose of the properties which they have, and if they fail to do so their lands will be confiscated to the benefit of the State of Illinois.

Furthermore, it is a general principle accepted in the United States that foreigners cannot acquire certain

rights unless they previously obtain the declaration of intention to become American citizens.

In Mexico the law has not attempted in this respect to go thus far, and has limited itself only to establish certain conditions for the acquisition by foreigners of real property, such as that they consider themselves nationals in so far as the acquisitions of those rights are concerned, that consequently they may not invoke the diplomatic protection of their respective governments, so that the Mexican Government may not be charged with deliberate injustice against foreign interests, since there are laws in the country which guarantee the citizens and courts of justice similar in their organisation to those established in foreign countries.

Investors in Mexico will enjoy protection, since the means provided by the laws and the aims of Mexico tend only to consecrate, as other nations do, the principle that the laws and courts of the country are the only institutions competent to protect the interests vested in the country and resolve on matters regarding them.

Insistent publications have been made by the Press to the effect that the organic law so much discussed is retroactive and confiscatory and that it requires foreigners to waive their own nationality in order that they may acquire real property in the Republic. Although the provisions of the law said to make it retroactive or confiscatory have not been specifically quoted, the following observations show how unjustified are these charges :—

First, the organic law in question is not retroactive. Article 5 clearly states that the rights dealt with by the law, and which were legally acquired by foreigners prior to its enforcement, shall be kept by those who have acquired them until their death. If a previously acquired right is conserved until the extinction of its holder, it can in no wise be alleged that this right is injured.

It has been argued in this respect that the present holder will not have the right to transfer his properties to his foreign heirs and that, in this way, a right acquired prior to the law is injured. Such reasoning, in spite of its apparent truth, is sophistical.

Should a State be deprived of the liberty of modifying its laws at any time, it would be prevented from further development in juridical matters. Every sovereign State can modify existing individual rights, and it is a matter pertaining to the State itself to weigh the advantages and disadvantages which a new law may have for the community.

If it is true, and a fact perfectly accepted by international law and by all the civilised nations of the earth, that it is a sovereign right of every State to legislate on inheritances, even to the point of absolutely prohibiting the transmission of the property of a deceased person to another, no one can doubt that the Government of Mexico has the sovereign power to impose conditions on the acquisition of property by hereditary right from a person deceased.

In fact, in cases where the acquisition by foreigners is not absolutely prohibited by the law, the foreign heir of a deceased foreigner may acquire the real property, waters, mining concessions, etc., which constitute the inheritance, by simply fulfilling a condition required by the Mexican law to facilitate to foreign heirs the alienation of real property which might come to them by inheritance and which they cannot keep on account of the absolute prohibition of the law or because they will not fulfil the requirement of considering themselves as Mexicans. In regard to those properties, Article VI. of the law grants them a period of five years in which legally to dispose of them.

As it will be seen, the law, far from injuring acquired rights, is extremely lenient to foreigners, since it affords them ample opportunity to comply with the provisions of the Constitution of the Republic.

The foregoing refers not only to individuals but also to partnerships and corporations, which can also keep their rights, according to said Article V., until their dissolution.

Secondly, the law in question is not, likewise, confiscatory. Foreigners who do not comply with the requirements established by this law in its Articles IV. and VI. cannot hold the properties affected. But the Mexican law, at variance with what many foreign laws provide in similar cases, does not confiscate those properties but fixes ample and convenient terms during which the respective rights may be transferred, and only in the event that this is not carried out within the time specified the laws provide for the disposal of them by public sale through judicial channels and for the delivery to the foreigners of the proceeds of the sale.

Since the beginning it became necessary from every point of view and for the proper application of the law to have knowledge of all those instances where a foreigner might hold properties or concessions as those mentioned in the law legally acquired prior to the enforcement of the provisions in question, and for that reason Article VII. provides that foreigners who are in such condition may file a declaration before the Department of Foreign Relations regarding their previously acquired rights.

In this way evasions of the law will be prevented and the means which a State uses to insure the application of its laws, with very ample limitations, remain within the same sovereign power of the nation. The penalty imposed on the foreigner who does not file the aforesaid declaration is that the acquisition in question be considered as having been effected after the promulgation of the law.

If this provision is regarded with an impartial and just frame of mind, it will be found that it has the sound aim of defining and insuring the rights of foreigners acquired in good faith. Every foreigner who might have filed the declaration within the time limit provided by the law will not only have the assurance that his rights will be considered as well established, but also that they will be respected under the provisions of the law without requiring him, in this case, to comply with the requirements of this new law.

On the other hand, those properties which have not been declared as belonging to foreigners shall be considered as acquired after the promulgation of the law, and therefore, if their acquisition is contrary to the law, they shall be considered as not having been acquired, since the contracts or transactions relative to their transfer will be, *ipso facto*, considered as null according to Article VIII. of the law.

By any means, this does not imply a confiscation, since the consequences of the nullity of the transactions or contracts in question are those normally foreseen by the ordinary laws for juridical proceedings which are null.

Thirdly, according to the Constitution of the Republic, foreigners are forbidden to acquire domain over lands and waters or concessions to develop mines or mineral fuels in the territory of the Republic.

The State has the right; through the Department of Foreign Relations, to grant to foreigners permission to acquire the aforementioned rights. This permission is granted with the requirements that foreigners agree to consider themselves Mexicans regarding those properties.

This means that the foreigners are not going to acquire any more rights in relation to those properties than the rights which Mexican citizens enjoy ; that is, that they will not ask for the protection of their governments, just as Mexicans may not ask the assistance of foreign governments against their own, and furthermore, that the investments of foreigners in Mexico, from the moment they are made, be done with the express understanding that they will have guaranteed recourses which the laws and the courts of the country grant to all citizens, thus avoiding that they may enjoy a privileged situation as compared with that of the nationals.

The requirements necessary to grant the permission is merely a condition imposed by Mexico in the form of an agreement concluded between the foreigner and

the Government. When any of the parties to an agreement does not carry it out he becomes subject to the penalties provided for in the agreement or in other laws. In this case it is a matter of a penalty established in the agreement itself.

It is not an exceptional or rare case, but one rather universally known in law. It is a condition to permit a foreigner to acquire real property in Mexico. If a government—and this is not a question open to discussion—has the power to prevent foreigners from acquiring property of specified kinds within its territory, with greater reason it may impose conditions for such acquisition.

The purpose of this provision is that the foreigner considers himself a Mexican in all that relates to the property which he acquires by virtue of such a permission. He agrees not to appeal to his Government in so far as concerns the rights which he acquires.

It is within the scope of the Mexican Government to legislate upon the effects of the agreement entered into with it. It will be within the scope of foreign governments to decide as to the effects of the agreement entered into by their nationals with the government of another country as affecting the relations within them and their respective nationals.

It has been stated erroneously and tendenciously, through most varied sources, that the conditions required by the law in question was that of waiving nationality of the foreigner who acquired certain kind of property in Mexico. It is not true that the waiving of nationality is required.

As we have seen before, it refers only to the renouncement of a right deriving from that nationality ; but the Government of Mexico has never attempted to demand that foreigners waive their nationality as a whole in order to acquire real property in Mexico, in spite of the fact that the laws of many countries show that it would have been within its power to do so.

National Finances.—According to the general Press reports of the recent Presidential Message delivered to the Federal Chamber the national accounts for the financial year 1925 reckoned upon a deficit of 41,626,964 pesos. The situation demanded the introduction of further national economies in order to meet the internal and foreign claims. On the other hand, the state of the national finances is not considered unfavourable. Numerous economies have already been effected, and it is probable that appreciable sums will now be saved in various departments, particularly in the Ministry of War. The Government has been successful in its enterprise in founding the Mexican Bank, has initiated the construction of fresh railways and works of irrigation, in addition to numerous public works, and the above-mentioned deficit had diminished to 14,291,039 pesos at the close of the financial year. The Public Debt stood at the end of the year at 171,445,085 pesos for debts not included in the agreement of June 1922, capital and interest, and at 982,136,775 pesos for those that come within the provisions of the aforesaid agreement.

The Provisional Estimates for the financial year 1926 now drawn up by the Treasury show a surplus of approximately 25 mill. pesos. Expenditure for the year, including various outgoings for the service of the national debt, is estimated at 290 mill. pesos, while revenue is expected to yield about 315 mill. pesos. If the final Budget figures do not appreciably differ from these provisional estimates the financial year 1926 may be regarded as satisfactory.

The Debt to the United States.—Under the new conditions regulating the Mexican debt to the United States as provided in the altered agreement between the two countries, a special fund of 5 mill. dollars is, according to reports in the American financial Press, to be established by monthly payments of 50,000 dollars, as from February 1, 1926. This fund will serve for the repurchase of the Irrigation Bonds. Moreover, the payment of the whole of the Mexican export duty on petroleum is henceforth to be made in New York instead of in Mexico. In addition to the above arrangement a sum of 5 mill. dollars out of the oil production tax is to be remitted in monthly instalments to the Banks Committee. The entire net profit of the national railways will also be paid over to the Banks Committee as from January 1, 1926, on account of interest.

Formation of the Agricultural Credit and Colonisation Bank.—During the past half-year or more there appear to have been considerable activity and developments in banking circles in Mexico, which may be taken as a sign of more tranquil times and of an improvement in the general situation. The *South American Journal* recently reported an official announcement to the effect that the new Agricultural Credit and Colonisation Bank was to begin operations on February 1, 1926. The capital of the new Bank has been fixed at 100 mill. pesos, of which the Mexican Government will take up 12 millions, in addition to the remainder of the assets of the Caja de Prestamos, which will be liquidated as soon as possible.

Foreign and Inland Trade Intelligence.—The Mexican Government has denounced the Commercial Treaty with Great Britain which was signed on November 27, 1888, states the *South American Journal*. The term of the Treaty expires on December 22, 1926.

The Ministry of Finance has issued a Decree prohibiting the exportation of gold bullion and specie under penalty of confiscation. Old silver specie may be exported on condition that within five days an equivalent amount in gold is imported. This Decree has been issued as a result of the large quantities of gold that were being exported to the United States in settlement of commercial obligations.

The President of the Republic is reported by *L'Amérique Latine* to be preparing a Bill providing for drastic restrictions in the sale of wines and spirits. It is considered that this Bill will be but the first of a series gradually leading up to the total prohibition of alcoholic beverages of all descriptions in Mexico.

Foreign Trade Returns January to September 1925.—The aggregate value of Mexico's foreign trade during the first nine months of the past year amounted to 796,804,081 pesos, as against 672,301,069 pesos for the corresponding period of 1924 and 794,314,243 pesos for the first nine months of 1923. Imports were valued at 297,803,695 pesos and exports at 499,000,386 pesos, so that there was a favourable trade balance of 201,196,691 pesos. The United States occupied the principal position in the commercial exchanges of Mexico with foreign countries, imports from that country being valued at 210,473,786 pesos and exports to that country at 376,269,503 pesos. Great Britain and British Overseas Possessions followed with 24,803,108 pesos for goods exported to Mexico and 34,701,439 pesos for goods received from Mexico. Imports from Germany were valued at 22,451,301 pesos, and exports to Germany at 24,013,358 pesos ; imports from France and her Possessions at 14,089,404 pesos, and exports to France at 8,025,567 pesos ; imports from Cuba at 78,566 pesos, and exports to Cuba at 15,098,495 pesos ; imports from Holland and Dutch Possessions at 1,193,999 pesos, and exports to those countries at 7,438,413 pesos ; imports from Argentina at 387,130 pesos, and exports to Argentina at 7,584,992 pesos ; imports from Spain at 6,104,442 pesos, and exports to Spain at 930,569 pesos. (*España Económica y Financiera.*)

Agricultural Production in 1925.—From the definite results already issued and, where these are still lacking, from authoritative estimates, the following statistics have been worked out respecting the aggregate agricultural production in Mexico during the past year. The table herewith gives the area under cultivation and the actual or estimated yield of the different crops in 1925 :—

	Cultivated area (in hectares).	Yield of crops (in tons).
Sugar cane	69,890	2,996,894
Maize...	2,133,000	1,750,605
Wheat	694,900	280,800
Henequen	206,320	150,080
Peas	1,320,000	96,980
Barley	315,200	90,650
Chick-peas	52,960	79,860
Cotton	122,300	46,650
Coffee	172,950	30,250
Potatoes	291,320	25,760
Chicle (chewing gum)	23,530	24,527
Early potatoes ...	2,560	23,209
Rice	25,500	22,980

(*España Económica y Financiera.*)

COSTA RICA

The Budget for 1926.—The Budget of the Republic of Costa Rica for the financial year 1926 has been balanced at the total amount of 24,962,933.03 colones. The chief items figuring on the expenditure side are (in colones): Service of the public debt (interest and commissions, amortisation, conversion), 8,755,648.00; Ministry of Public Education, 3,360,550; Ministry of Public Works, 3,100,943; Ministry of Finance and Commerce, 2,857,160; Public Security, 2,576,217.35; Ministry of the Interior, 1,606,464; Administration of th Law Courts, 804,740; Police and Ministry of Public Health, 657,300; Ministry of Social Welfare, 440,267; Legislative Authorities, 379,300; Ministry of Foreign Affairs, 279,043; Ministry of Justice, 70,300; Ministry of Ecclesiastical Affairs, 55,000.

The revenue is estimated as follows (in colones): Customs receipts, 11,700,000; spirit duties, etc., 4,600,000; export duties, 2,535,963.03; Pacific Railway, 2,075,000; conversion taxes, 700,000; commercial concessions, 600,000; income tax, 600,000; stamp duties, 300,000; Postal Department, 300,000; banana tax, 340,000; Telegraphs Department, 230,000; fees on public seals, etc., 200,000; direct taxes, 159,970; Public Registry, 100,000; National Printing Works, 22,000; sundry receipts, 500,000. (*España Económica y Financiera.*)

Treasury Returns January to June 1925.—The Audit Office of the Ministry of Finance has issued the following particulars concerning the receipts collected by the Treasury during the first six months of 1925. The aggregate receipts amounted to 13,137,276.75 colones, which represent an increase of 1,581,658.42 colones on the aggregate collected during the corresponding period of the preceding year, and an excess of 3,177,941.75 over the amount estimated in the Budget. Of this total Customs receipts figure at 6,029,666.26 colones (San José, 3,405,088.57; Puerto Limon, 1,689,643.02; Puntarenas, 792,938.89; and Sixaola, 141,995.78 colones); spirit duties, 2,417,743.60 colones; export duties, 1,620,928.31 colones (on exported coffee, 1,547,306.24 colones); receipts from the Pacific Railway, 1,255,121.65 colones; conversion taxes, 341,210.33 colones; commercial concessions, 276,865.58 colones. The national expenditure for the same period was 10,734,442.73 colones, or 1,750,803.14 colones more than in the preceding year. The half-year closed therefore with a surplus of 2,402,834.02 colones. (*España Económica y Financiera.*)

Live Stock Census for 1924.—The results of the cattle census of 1924 have now been published and show a total of 607,074 head of live stock throughout the Republic of Costa Rica in that year. This total includes 361,380 head of native horned cattle, 15,185 head of horned cattle of foreign breeds, 27,141 head of cross-bred horned cattle, 76,606 head of creole horses, 365 head of foreign horses, 8,949 head of cross-bred horses, 75,705 head of swine, 10,890 head of mules, 718 head of goats, and 125 head of sheep. (*España Económica y Financiera.*)

GUATEMALA

Establishment of the Central Bank.—The President of the Republic of Guatemala has issued a Decree providing for the creation of the Central Bank of Guatemala. A limited company is being formed for this purpose with its head office in the capital, and with powers to establish branches and agencies in other towns of the Republic. The new institution will be a bank of issue and will carry on the usual deposit, discounting and re-discounting business. It will also have the option of being the fiscal agent for the Government, in which case agreements will be made with the Government respecting the general supervision and control of the public funds. The term of the concession is for thirty years, with the possibility of extension; but the exclusive right to issue notes is restricted to a period of fifteen years, without prejudicing the privileges already enjoyed by the Banco de Occidente. The Government agrees not to grant during this period of fifteen years any similar privilege of issuing notes to any other institution. The establishment of branches of the new Central Bank will require the approval of the Executive. The authorised capital is 10 mill. quetzales (somewhat under £1,500,000), but the subscribed capital is not to exceed 3.5 mill. quetzales, of which sum 2.5 millions will be for the department of issue and discounting. (*España Económica y Financiera.*)

PANAMA

Biennial National Estimates 1925-1927.—According to a Decree of the Government, national expenditure and revenue for the biennial period from July 1, 1925, to June 30, 1927, are balanced at the amount of 12,258,700 balboas. The estimated amounts from the various sources of revenue are as follows (in balboas): the 15 per cent. *ad valorem* duty, 2,800,000; yield of the duty on articles under the special tariff, 1,419,200; beer and spirits duty, 950,000; sale of spirits, 950,000; national lottery, 840,000; stamp duties, fees, etc., 625,000; interest on the Constitutional Fund of six million balboas, 600,000; consular fees, etc., 540,000; annuities in accordance with the Panama Canal Treaty, 500,000; live stock tax, 400,000; tax on real estate, 300,000; and postal receipts, 300,000 balboas.

The expenditure for the above-mentioned period is distributed as follows (in balboas): Ministries of the Interior and of Justice, 3,552,124; Ministry of Public Instruction, 2,826,200; Ministries of Agriculture and Public Works, 2,604,124; Ministry of Finance and the Treasury, 2,567,062; and Ministry of Foreign Affairs, 709,190. The Government is also reckoning on special funds arising from the sum available from the loan contracted in accordance with the law of 1923. (*España Económica y Financiera.*)

SAN SALVADOR

Export Trade in 1925.—Official figures have recently been published giving the quantities of the principal products exported from the Republic of Salvador during the year 1925. Coffee represents the principal export, the quantity shipped last year having been 32,068 tons, of which 9,612 tons went to Germany, 5,247 tons to the United States, and 4,001 tons to Sweden. Exports of raw cotton totalled 2,313 metric tons, the chief importing country being Great Britain, which took 958 tons, followed by Germany with 763 tons. Cotton-seed shipments amounted to 3,427 metric tons, most of which also went to Great Britain, while sugar shipments totalled 2,533 metric tons, the United States in this case being the principal importing country. (*Report of the Anglo-South American Bank.*)

SOUTH AMERICA

ECUADOR

The 1925 Cocoa Crop.—The cocoa harvest in 1925 was the second best in Ecuador during the past five years. The area under cocoa cultivation was much greater than hitherto and the quality of the beans was excellent. Unfortunately, a portion of the crop was attacked by the witchbroom disease, which prevented exports from being larger than they actually were.

Nevertheless, the total exports of cocoa beans up to June 30 last attained 279,039 bags, as against 263,360 bags in 1924 and 229,164 bags in 1923. Of this total 98,257 bags were consigned to the United States, 53,222 bags to Germany, 40,100 bags to Holland and 30,450 bags to France. (*West Coast Leader.*)

PERU

Foreign Trade Intelligence.—During the first eleven months of 1925 the value of imports, following the figures published by the *West Coast Leader*, amounted to £P.15,548,000, as against £P.15,431,000 during the corresponding period of 1924, whilst the value of exports totalled £P.19,524,000, as compared with £P.22,476,000. The excess of exports over imports therefore fell from £P.7,045,000 for the first eleven months of 1924 to £P.3,976,000 for the corresponding period of 1925. The Customs receipts for this period totalled £P.2,624,808, representing a decrease of £P.545,421 on the returns for the same period of the preceding year.

During the first eight months of 1925 cotton exports, which are now the chief agricultural product exported, amounted to approximately 27,000 tons to the value of £P.4.1 mill., as compared with 23,000 tons to the value of £P.3.9 mill. during the period January to August 1924. Sugar exports for the same period dropped from 144,000 tons to the value of £P.3.0 mill. in 1924 to 92,000 tons to the value of £P.1.0 mill. in 1925. The United States occupied the leading position among the countries of origin of imports into Peru during this period with consignments to the value of £P.4.9 mill. followed by Great Britain with imports to the value of £P.2.5 mill., and Germany with goods to the value of £P.1.1 mill.

An *ad valorem* duty of 25 per cent. has been imposed upon imported unexposed films for photographic purposes, and of 10 per cent. on imported barium chloride in quantities of over 500 kilogrammes.

URUGUAY.

Presidential Message on the Economic Situation.—The Presidential Message, submitted to the National Council on February 15 last, embraces a wide survey of the entire field of recent Government activity. From the verbatim report in *El Dia* we have extracted a few of the salient data and features.

The financial year 1923–1924 closed with a surplus of $127,668; the year 1924–1925 with a surplus of $299,877. According to the calculations based on results already to hand and the estimated returns still to be issued the current year should close with a surplus of $328,571.30, if no fresh laws are passed imposing additional burdens. This surplus is arrived at by probable receipts at $29,054,549.54 and probable expenditure at $28,725,978.24. Among the main items included in the probable revenue (in addition to the receipts already collected and published) are receipts of the General Treasury, $14,393,500; general administration of direct taxes (fixed contributions), $7,316,000; general administration of internal taxes, $1,902,940; from the Banco de la República, $1,173,980.23. Under the expenditure items may be noted internal debts at $3,687,487.47; the Consolidated Debt of Uruguay and Guarantee of the Railways, the Foreign Debt of 5 per cent. of 1919 and 5 per cent. bonds of 1914, at $2,568,000; the Conversion Loan of 1905 and of Public Works of 1909, at $2,308,000.

In addition to the operations of the National Commission for Fostering Production various other honorary commissions have been actively engaged during the past year considering the best means of stimulating national industry and commerce, the regulation of imports, the rural code, and the promulgation of knowledge in the rural schools upon matters concerning cattle breeding and general agriculture. The Comisión Oficial is carrying on a very useful work in arranging credit facilities for farmers for the purchase of seeds, etc. This is a great boon to the smaller agriculturists, but the facilities are not restricted to them. Many of the old established producers avail themselves of this credit when introducing changes of crops or improvements of their methods. The total quantity of seed required every year is about 30 mill. kilogrammes, and the Commission supplies quantities varying from 6 per cent. to 10 per cent. Assistance is also given with a view to furthering intensive cultivation. In all its activities the Commission has the co-operation of the Banco de la República.

Much progress was made during the past year in the Postal and Telegraphs department of the State and preparations have been made for reconstructing and developing the telegraphic system on a large scale. Public works undertakings were hampered by the limited resources at the disposal of the Ministry of Public Works; a loan of $45 mill. has, however, been realised and steps are being taken to arrange a permanent fund for the use of this department.

In regard to the 45 mill. dollar loan, *El Dia* points out that a sum of $22.2 mill. will be applied for conversion purposes; railway developments will require $7 mill.; port works, $2 mill.; land development, $2 mill.; the construction of schools, $1.5 mill.; assistance for immigrants, $0.7 mill.; Customs buildings, $1.6 mill.; construction of telephone lines, $0.45 mill.; and the installation of radio services, $0.3 mill.

Uruguay Railway Company Reports.—The report of the North West of Uruguay Railway Company for the year ended June 30 shows gross receipts at £78,376, as against £78,202, and net receipts at £11,919, as against £17,075 in the preceding year. After making allowances for deductions on exchange remittances a balance of £10,677 is obtained, as compared with £12,000; sundry revenue amounts to £30,751, which brings the available balance to £41,428. The interest on debentures required £16,254; bridge tolls guarantee, £4,300; income tax, £3,019; whilst loss on plant accounts for £536. A dividend of 1 per cent. has been declared on the Six Per cent. First Preference stock, and a sum of £11,480 has been carried forward.

The annual report of the Central Uruguay Railway Company shows a drop of £23,005 in the gross receipts, which amount to £1,448,169. Working expenditure has been considerably increased and figures at £1,003,348 in the report. The net receipts have fallen from £523,882 to £444,321, but the balance of the net revenue account is £360,345, as against £356,490. The number of passengers carried during the year represents an increase of about 40 per cent., but there was a decrease in the live stock traffic on this railway. Passenger receipts, however, declined by £3,499. The work of converting the engines to oil fuel is proceeding satisfactorily and about 75 per cent. of the tractive power is now using this class of fuel. The prospects for the current year are considered generally favourable.

THE ECONOMIST'S BOOKSHELF

THE GERMANY OF TO-DAY.

Germany's Industrial Revival. By Sir Philip Dawson, M.P. (London: Williams & Norgate, Ltd. Price, 10s. 6d. net.)

Few people knew the pre-war Germany better than Sir Philip Dawson, and, he writes, for "at least ten years previous to 1914 I felt convinced that Germany had it in mind to destroy us if she could, and said so publicly on many occasions—only to be laughed at, of course." That conviction Sir Philip Dawson shared with others, most of whom, certain that subsequent events proved their earlier premonitions right, are encamped at the moment in an economic and political position not difficult to locate, and, from time to time, continue to utter their notes of warning. Such a note is the predominant one struck in Sir Philip Dawson's

new book. He does not hesitate to express his view of present-day Germany explicitly. "In conclusion," he writes, "it cannot be said that the war has fundamentally affected the German industrial methods or mentality. They still feel confident of their ability to achieve success, and hope that they may be able to resume the old pre-war commercial and industrial relations and secure that supremacy in the world's markets which they were so rapidly acquiring." This is the conclusion arrived at by the author after a very careful and minute examination of Germany's post-war industrial organisation, the analysis of which, contained in this volume, is well worth the study of those who indulge or who do not indulge themselves in ideas of ineradicable enmities and mutual destructions. It is far easier to account for Germany's rise to industrial and commercial power in the world, than to ascribe causes and apportion blame for the war, and the result is far more profitable. Scientific efficiency and a genius for organisation are revealed, and it is the merit of Sir Philip Dawson's book that it recognises these as well as the fact that they must ultimately succeed again. Germany, he does not hesitate to affirm, must capture the world's markets unless steps are taken to make it worth her while not to do so. Those steps, possible now although impossible before the war, will be familiar enough to our readers acquainted with modern industrial tendencies. Sir Philip Dawson pleads for an arrangement known as *Horizontalaufbau*. In his own words, it means an international agreement in the principal industries, with the object of avoiding overproduction. This would involve an agreed output for each industrial country and an agreed division of neutral markets. Also an exchange of manufacturing experience—world standardisation, in fact, of products; and so a cheapening of production. Sir Philip finds the main difficulty to the formation of such a combination in the fact that *our* industries—notably our coal and steel industries—are not so completely co-ordinated in themselves, so sufficiently centralised internally as to make them able to co-ordinate and centralise internationally. That is a defect on a good many other grounds than those submitted in this volume. The tendency towards vertical and horizontal combinations is strongly marked in the recent industrial history of both Germany and the United States of America. Both countries represent our most formidable competitors in the markets of the world, and hardly a week is passing over our heads without bringing from some one or the other pages of advice to ourselves based on German or American industrial methods. Our trade visibly recedes as the trade of other countries, particularly the two just cited, advances. The reason is discoverable largely in this tendency to combination, and the consequent elimination of all loose and cut-throat efforts to place the products of one country upon the markets of another. If that is the secret of Germany's trade revival and of American success, it is time that this fundamental change in the organisation of industry was correctly appraised in this country, and steps taken to renovate a system which, notwithstanding its past, is by its results rapidly becoming obsolete in the face of the requirements of to-day.

PUBLICATIONS RECEIVED.

Banking Policy and the Price Level: an Essay in the Theory of the Trade Cycle. By D. H. Robertson, M.A., Fellow of Trinity College, Cambridge, and Lecturer in Economics in the University of Cambridge. (London: P. S. King & Son, Ltd. Price, 5s. net.)

British War Budgets. By F. W. Hirst and J. E. Allen — Economic and Social History of the World War, British Series. The Carnegie Endowment for International Peace. (London: Humphrey Milford, Oxford University Press. Price, 15s. net.)

Kingdom of Roumania: General Budget of the State for the Financial Year 1926. Submitted by M. Vintila Bratiano, Minister of Finance.

Kommersiella Meddelanden utgivna av Kommerskollegium. March 15, 1926. (Stockholm. Price, 75 öre; annual subscription, Kr.15.)

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In the APRIL Issue.

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Dr. C. K. Leith, one of America's leading geologists, gives an unorthodox opinion regarding the future of the Far East. He believes the Oriental countries are so handicapped by the lack of mineral resources that they can never challenge Western industrial civilization.

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STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities:—

1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see The Economic Review, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.			1923								
Jan. 16	367.9	296.6	Jan. 12	162.8	157.0	Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Feb. 16	177.2	157.5	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Mar. 16	192.4	160.3	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Apr. 20	198.5	162.0	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			May 18	198.1	159.8	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	June 15	190.0	159.3	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	July 20	177.3	156.5	Oct. 17	172.5	170.2	1926		
July 15	194.4	194.1	Aug. 17	174.6	154.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Sept. 14	173.2	157.8	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Oct. 19	166.0	158.1	1925			Mar. 12	146.1	
Dec. 30	150.0		Nov. 16	171.7	160.8	Jan. 16	174.8	171.0	,, 26	145.2	
1922			Dec. 14	177.0	163.4	Feb. 13	175.2	168.9	April 3	146.5	
Jan. 20	144.0	164.0	1924			Mar. 13	172.8	166.3	,, 10	145.7	
May 19	162.1	160.6	Jan. 18	178.6	165.4	Apl. 17	161.9	162.5			
July 14	165.1	160.3	Feb. 15	187.9	167.0	May 15	158.7	159.0			
Sept. 15	161.2	154.3	Mar. 14	182.1	165.4	June 19	160.6	157.6			
Dec. 15	161.2	155.8									

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15 ...	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90 ...	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43 ...	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43 ...	Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08 ...	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50 ...	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50 ...	Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25 ...	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28 ...	July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90 ...	Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91 ...	Sept. 26
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10 ...	Feb. 27
June 26 ...	77.8	147.9	63.2	147.4	114.7	115.6	84.1	121.7	98.2	85.9	105.65 ...	June 26
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44 ...	Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65 ...	Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81 ...	Mar. 26
Apr. 10 ...	72.2	162.3	60.4	106.1	88.3	102.2	92.8	110.7	100.7	75.3	97.10 ...	Apr. 10

* Revised Quotation.

SECURITY PRICES.

The following table shows the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

	In New York.			In London.			In New York.			In London.	
	Week ending	Industrials.	Bonds.*	Industrials.	Gilt edged.		Week ending.	Industrials.	Bonds.*	Industrials.	Gilt edged.
1920,	Jan. 1	128.5	94.1	172.4	99.7	1925,	Jan. 3	150.7	101.6	133.8	117.5
1921,	Jan. 1	89.9	89.0	116.3	88.6		,, 17	151.8	101.9	**137.8**	117.5
	Aug. 20	*80.3*	90.4	105.4	93.3		June 6	158.2	**105.3**	128.0	115.3
	Oct. 29	91.1	92.0	*91.1*	94.4		,, 27	160.0	104.7	123.7	*113.0*
1922,	Jan. 1	100.0	100.0	100.0	100.0		July 18	165.9	103.2	*120.4*	115.5
	May 13	114.6	102.4	114.9	**117.9**		Aug. 1	165.8	*101.5*	122.2	115.7
	Sept. 16	123.8	**107.6**	115.2	112.5		,, 22	176.2	102.5	126.3	**117.3**
	Oct. 7	123.9	106.1	113.3	*111.7*		Nov. 7	195.4	102.7	134.1	114.7
1923,	Jan. 1	121.7	102.5	119.5	113.3		Dec. 19	188.9	103.3	130.6	112.8
	Mar. 17	**129.2**	98.5	129.3	117.0	1926,	Jan. 2	195.5	103.6	133.3	113.0
	,, 24	127.3	*97.8*	129.0	118.1		,, 9	196.1	103.6	135.1	113.1
	Apr. 28	124.1	99.3	**137.9**	122.8		Feb. 13	**199.9**	104.9	132.0	114.8
	June 9	119.7	100.8	130.6	**123.5**		,, 20	198.4	105.9	129.8	114.6
	Oct. 27	*105.7*	99.7	126.5	119.7		Mar. 6	184.8	104.7	129.1	114.0
1924,	Jan. 1	117.4	98.4	121.3	114.5		,, 20	178.5	105.1	126.6	113.6
	,, 19	119.1	100.1	119.1	*112.2*		,, 27	171.4	105.1	127.4	113.6
	June 21	115.3	103.3	*118.2*	118.0		Apr. 3	173.1	105.4	126.2	113.5
	Nov. 8	130.1	103.7	133.7	**120.4**		,, 10	172.5	106.1	124.5	113.5

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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Printed by the Crypt House Press, Ltd., Bell Lane, Gloucester, and Published by the Proprietors at 6, John Street, Adelphi, London, W.C.2.